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ESTABLISHED 1887

A Brighter Sign For U.S. Economy Banks' Lending to Business Picks Up After Long Slump

By Michael Quint New York Times Service

NEW YORK — Bank lending to American businesses has edged upward in recent weeks after a two-year decline that was widely blamed as a cause of the economy's downturn and weak recovery.

U.S. retail sales and consumer confidence rose strongly. Page 13.



A MOMENT'S DIVERSION IN SARAJEVO — Children playing with the UN command reprimanded Serbia for violating the cease-fire. Serbians took advantage of a truce. Later, tanks and infantry attacked Maglaj, in the north. Page 2.

Japan Hints At a Review Of Plutonium Shipments Officials Are Surprised At Growing Criticism Of Energy Program

By David E. Sanger New York Times Service

TOKYO — Government officials, expressing surprise at strong international criticism of their first shipment of plutonium from Europe, said Friday they would "think carefully about our future plans" to transport more of the material to Japan over the next decade.

Out of Post-Vote Seclusion, Clinton Briskly Takes Command

President-Elect Shows His Priorities and Style A Tough Ethics Code for the Transition Team

By Dan Balz Washington Post Service

WASHINGTON — After nearly a week of seclusion, President-elect Bill Clinton has moved briskly and publicly to take command of his transition, sketching priorities and offering the first clues to his presidential style.

LITTLE ROCK, Arkansas — President-elect Bill Clinton put his transition staff under a code of ethics on Friday that is intended to prevent anyone from profiting from private gain by working for him.

Transition staff are forbidden from ever using any nonpublic information for private gain.

Clinton's economic strategy calls on both the left and the right. Page 13.

The Racist Chill in Europe: Fear That Worse Is to Come

By Craig R. Whitney New York Times Service

GREIFSWALD, Germany — All over Eastern Europe the Communist left bleak places like the south side of Greifswald: row after row of instant shacks, six-story prefabricated concrete housing with hardly a shop or a cafe to break the monotony.



SMILE FOR FRANCE — The Princess of Wales upon arrival Friday in Paris for a weekend stay. She will miss the birthday of Prince Charles, about whom new rumors have surfaced. Page 2.

Peru Army Coup Reported to Fail

LIMA (AP) — The government said Friday that a small group of soldiers tried to seize control of army headquarters and the national palace in a bid to overthrow President Alberto Fujimori, but that the attempt had failed.

Yeltsin to Dissolve Parliament, Hard-Liner Says

MOSCOW (AP) — A hard-line legislator caused a furor in the Supreme Soviet, Russia's legislature, on Friday by accusing President Boris N. Yeltsin of planning to dissolve the legislature and declare emergency rule.

De Klerk Strikes At His Critics as Troubles Mount

JOHANNESBURG — The bad news for President Frederik W. de Klerk on Monday was that the head of his National Party resigned, joining a long list of burnout victims in the top ranks of his government.

An Inventor Turns Old Patents Into Legal Dynamite — and Gold

By Edmund L. Andrews New York Times Service

ASPEN, Colorado — It would be hard to find someone who looks more like a struggling garage-shop inventor than Jerome H. Lemelson, or to find someone who looks more out of place in this sun-and-ski resort for the chic and the rich.

Working from the mountain-side mansion of his lawyer and partner, Gerald D. Hosier, Mr. Lemelson has in the past year forced more than a dozen big companies to pay him a total exceeding \$100 million to keep him from a total of \$100 million in potential patent income.

Mr. Lemelson never commercialized these inventions himself, and rarely if ever built a prototype. But in a coup that might have left Thomas Edison gasping in disbelief, Mr. Lemelson's patents have become legal dynamite.

Table with market data including Dow Jones, Trib Index, and various stock prices.

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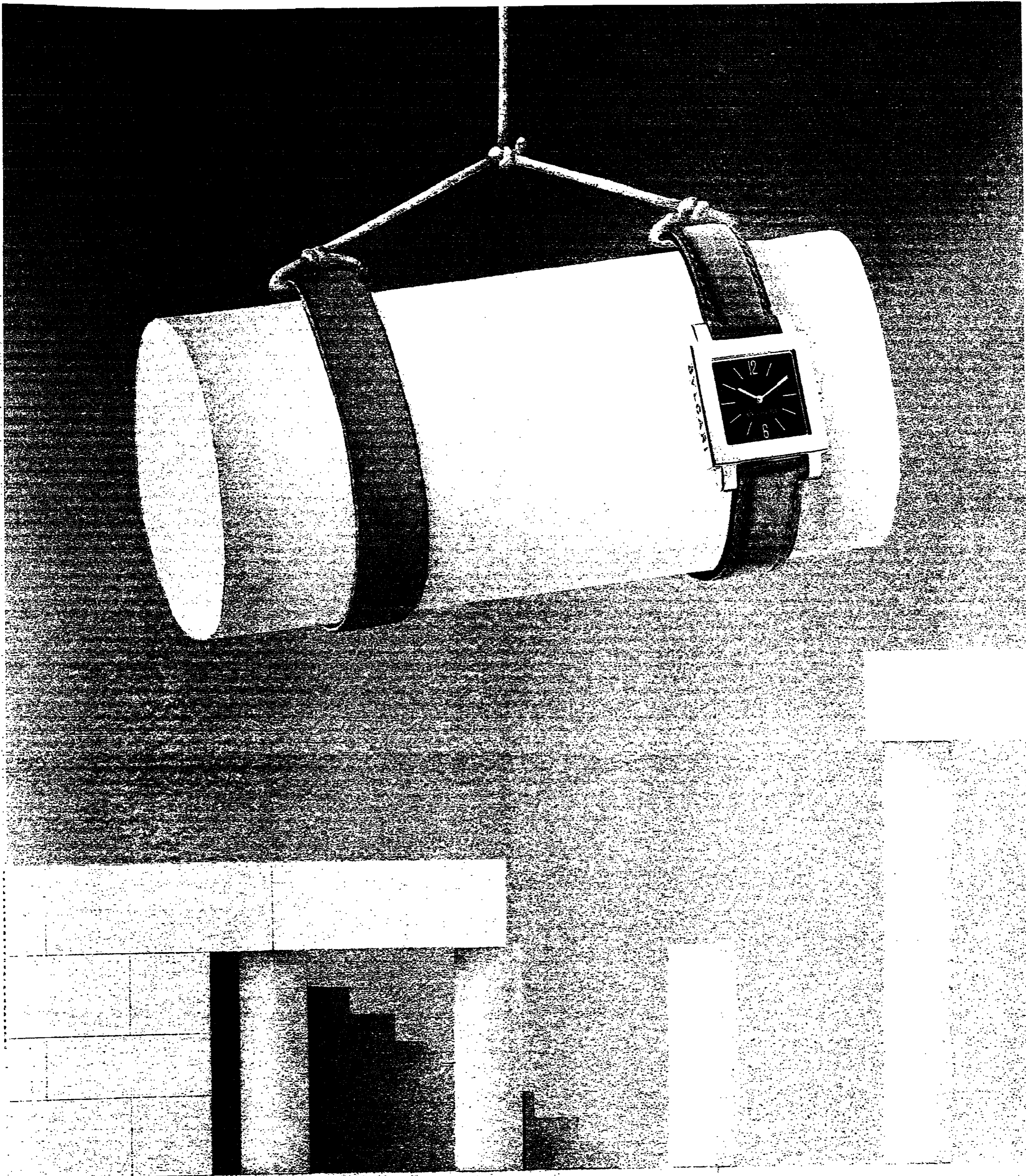
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ART

When the Old World Meets the New  
In Latin American Show, Origins of a Lover's Quarrel

By Michael Gibson  
International Herald Tribune

PARIS — The Pompidou Center has chosen the quinquennial of the "meeting of the worlds" to organize a large overview of Latin American art from 1911 to 1968. One can rattle off a dozen names of Latin American artists of this century who have made a considerable reputation for themselves in Europe, including Matta, Wilfredo Lam, Joaquín Torres-García and Antonio Seguí. Yet as even brief contacts with Latin American artists make clear, many of them have an endless lover's quarrel with the West.



"La Columna Rota," 1944, by Frida Kahlo.

The Pompidou exhibition, which assembles 500 works by 83 artists, allows us to gauge the specific quality of what has been produced in that enormous and varied region, and it also offers some clues to the origins of this quarrel.

Argentina, Mexico and Brazil are clearly the dominant countries in this exhibition, being those in which a Modernist movement developed in the 1920s. Uruguay and Venezuela run second, and the presence of Chile, Colombia, Cuba, Guatemala, Nicaragua and Peru is rather modest, at least in numerical terms.

But Chile is represented by Matta, Colombia by Fernando Botero and Cuba chiefly by Lam—all three of whom receive star billing. The common reference of all these countries is no doubt Catholic and Iberian, despite an influx of immigrants from all over the world. But a growing awareness of the cultures that dominated the continent before Columbus has generated a sense of dual reference that occasionally finds utterance—sometimes with a vengeance, as in the politically motivated art of Mexico.

It was historical circumstances that favored the appearance of this institutionalized revolutionary art in Mexico, embodied by such overpowering figures as David Alfaro Siqueiros, José Clemente Orozco and Diego Rivera.

ver's paintings, and also in those of Rufino Tamayo—a most persuasive colorist—whom the three militant artists despised for not sharing their convictions. MEXICAN militancy began in a popular form with the thousands of prints of satirical skeletons by José Guadalupe Posada (1852-1913) and was pursued between the '20s and the late '40s by the Taller de Gráfica Popular, a studio that also made abundant use of the skeletons for political commentary that was often remarkably eloquent.

Frida Kahlo (1907-1954), who married and divorced Rivera, sheltered Trotsky, died young and lived in pain as the result of a traffic accident, has caught the public imagination in recent years with her highly autobiographical paintings that often dwell poignantly on the constant suffering with which she lived. André Breton proclaimed her a Surrealist, but Kahlo showed force of character by declining the honor.

matic, more diversely individualistic than that of the Mexicans, who, under an official program, created a style that spread both North and South.

Latin American artists of this generation want to be accepted abroad as representatives of a Modernist culture they share with Europe, and they are miffed when Europeans turn to them with expectations of exotic revelations. But at the same time, they are perfectly aware that there is something specific about their world with which they must come to terms.

It begins with an awareness of the physical distance from Europe (touchingly rendered in Seguí's "Emigrant Ship"—and the reality of indigenous cultures. It ends with a sense of overwhelming awe that descends out of a timeless world—a world in which it would seem history has barely managed to make a dent.

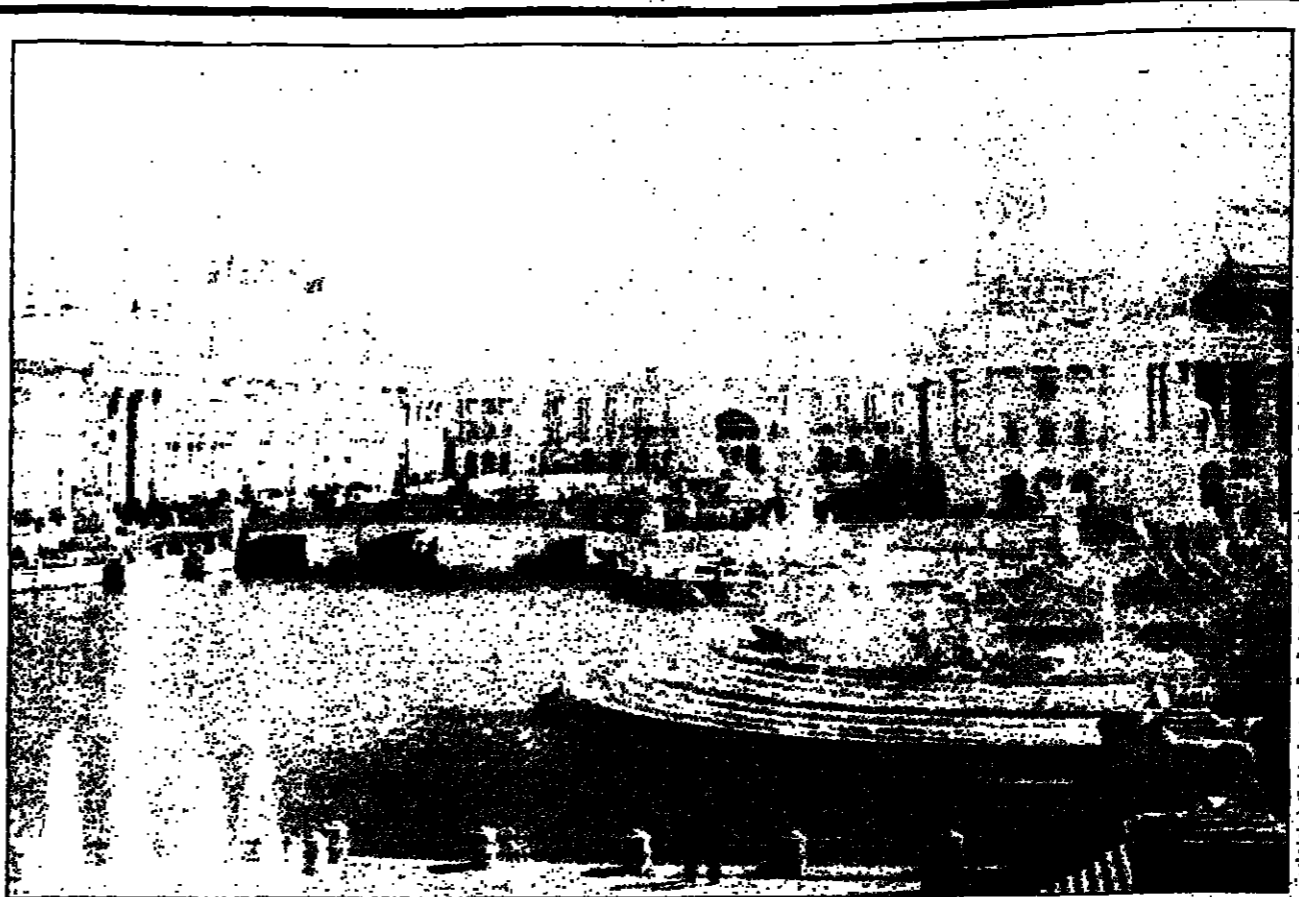
That is an illusion, an error of perspective, no doubt, but it is a powerful illusion. All these countries have tumultuous and mostly tragic histories. They have their heroes too, martyrs of human dignity, which are not necessarily those of the history text books.

A NUMBER of artists of the period have attempted to come to grips with these experiences in an epic or a mythic idiom. The Mexican artists mentioned above chose the epic vein. Gabriel García Márquez in prose turned to the mythic vein—and so did Lam. José Gamarrá (especially in his more recent work), and, in a sense, Tamayo and Frans Krajcberg, who makes sculptures out of Amazonian trees.

The conflict has been largely an inner one, though the artists are no doubt right when they assume that Europe is less interested in them than they are in Europe. And so the quarrel is not extinguished.

A separate exhibition at the Pompidou Center is devoted to Jorge Luis Borges, appropriately enough in the shape of a labyrinth. And a third show, devoted to 14 contemporary Latin American artists, will be opening shortly at the Hôtel des Arts.

The show will continue in Paris until Jan. 11. It will go in an expanded version, to the Ludwig Museum in Cologne, in February.



The Columbian Exposition of 1893: We got the American Century. What happened to the Beautiful City?

Legacy of Last Columbian Fiesta

By Herbert Muschamp  
New York Times Service

NEW YORK — Columbia, enthroned on her "Barge of State," sails into the grand lagoon, with Father Time at the helm and Victory at the prow. Eight plaster maidens, representing Arts and Industries, work the oars. From the rim of the lagoon a white city arises, its gleaming arcades and pavilions designed by America's leading architects. Fountains gush. Fireworks explode mightily.

Now, that's the way to celebrate Columbus. Or so it seemed to the builders of the World's Columbian Exposition, held in Chicago nearly a century ago. The architects of the Chicago world's fair knew how to throw a party.

Allegory, Spectacle. Classical architecture, an entire city of it, went up in Jackson Park in 1893 to commemorate the discovery of the New World. And for a generation, Chicago's fabled "White City" was an ideal to which every American city aspired. From the fair emerged the City Beautiful movement, a progenitor of modern planning and the force behind such New York landmarks as Grand Central Terminal and the Public Library.

The fair's legacy endures. It is evident not just in such banal manifestations as theme parks and festival marketplaces but in the

shift of the urban economic base from manufacturing to information.

People came to the world's fair not to live, work or shop, but to acquire information—to gain a global perspective on art, science, history and commerce. For Henry Adams, the fair was "the first expression of American thought as a unity." The fair's unified architectural composition of classical facades, spray-painted a uniform white, conferred a semblance of consistency on 19th-century America's cultural hodgepodge.

The White City expressed the unification of American commerce. As Lewis Mumford observed in the 1920s, the fair's "imperial facade" marked a historical shift in American enterprise: from small, entrepreneurial businesses to large financial trusts; from local industries to national monopolies and the unified rail systems that connected their operations; from manufacturing to finance.

The fair launched the consolidated empire of the robber barons onto a world stage. Its message was commercial warfare. Thus the California pavilion featured a statue of a knight on horseback made entirely of prunes. As the guidebook made clear, the statue "metaphorically impressed the fact that the prunes of that state are being introduced victoriously into all lands, to the disadvantage of the products of other countries."

The White City was a full dress rehearsal for

the American Century. It announced to the nations gathered around the lagoon, thanks very much for the Niña, the Pinta, the Santa María, not to mention the Mayflower and General Lafayette, too. Now it's the New World's turn to frame a new world order. We got our American Century. So where's our Beautiful City? How come, instead of fountains and fireworks, the world's richest nation ended up with glass boxes along Sixth Avenue and burnt-out storefronts in Los Angeles?

Today, the monuments of the City Beautiful movement loom like haunting reminders of a vision that failed to materialize. For every fixed-up Bryant Park, a dozen neglected Beaux-Arts beauties languish.

And yet, today's splintered city does recall the White City's one critical respect: it, too, marks a historic shift in commercial enterprise. Manuel Castells, a professor of planning at the University of California at Berkeley, has analyzed this development in depth. His book "The Informational City" traces the decline of manufacturing jobs and their traditional social supports; economic globalization and the information technologies on which it depends; the mismatch between the city's new immigrant populations and the skills required to succeed in the new service industries. These factors have combined to produce a "dual city" that differs in kind from the industrial city's division between rich and poor.

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Room 7 at 2.30 p.m. IMPORTANT: XIXth and XXth century PAINTINGS, LOUVER, 7, rue de Rohan, 75009 Paris. Tel: (1) 44 79 30 30. Fax: (1) 44 79 30 31.

Saturday, 21 November  
Room 8 at 2.30 p.m. JEWELRY, SILVERWARE, BENOÛTE and GODAUL, 7, rue de la Boétie, 75008 Paris. Tel: (1) 42 65 79 30. Fax: (1) 42 42 78 01.

Monday, 23 November  
Room 5 at 2 p.m. BEAUTIFUL JEWELRY, 18th and 19th century MINIATURES, SILVERWARE, MILLON-ROBERT, 19, rue de la Grange Batelière, 75009 Paris. Tel: (1) 48 00 99 44. Fax: (1) 48 00 98 58.

Monday, 27 November  
Room 2 at 11 a.m. and 2.30 p.m. IMPORTANT SALE OF ILLUSTRATED BOOKS, MONOGRAPHS, MODERN AND CONTEMPORARY PRINTS, LOUVER, 7, rue de Rohan, 75009 Paris. Tel: (1) 44 79 30 30. Fax: (1) 44 79 30 31.

Room 3 at 6 a.m. and 2 p.m. OLD AND MODERN PAINTINGS, FURNITURE AND OBJETS D'ART, CARPETS, TAPESTRIES, MILLON-ROBERT, 19, rue de la Grange Batelière, 75009 Paris. Tel: (1) 48 00 99 44. Fax: (1) 48 00 98 58.

Monday, 30 November  
Room 7 at 9 p.m. "From Albin Lucaille's collection": PAINTINGS BY THE SCHOOL OF ROUEN, LOUVER, 7, rue de Rohan, 75009 Paris. Tel: (1) 44 79 30 30. Fax: (1) 44 79 30 31.

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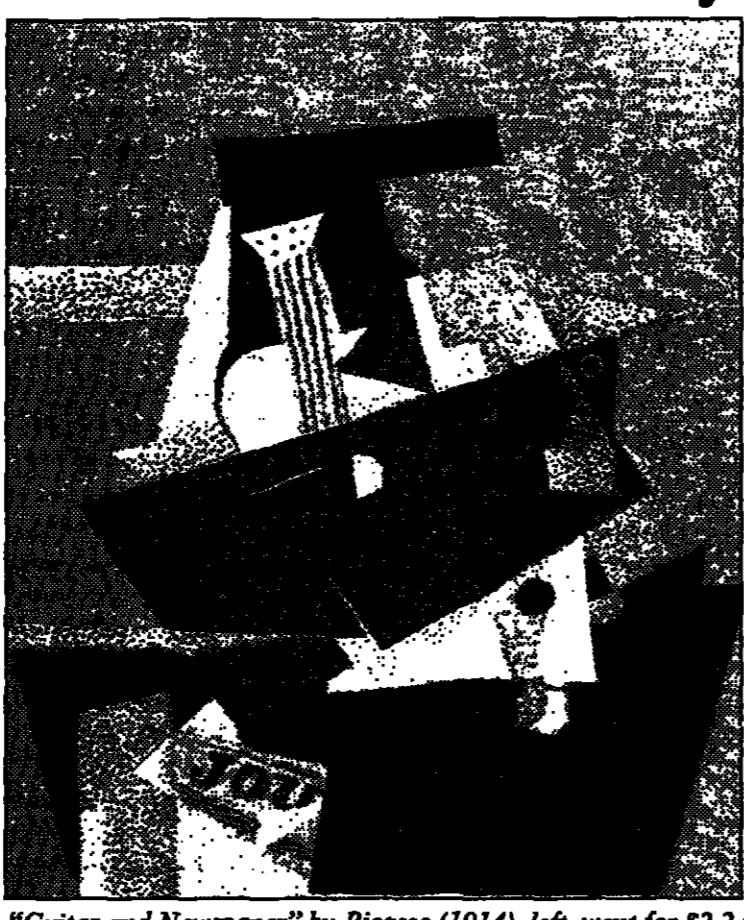
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Art Market Finds Some Stability — at a Much Lower Level

NEW YORK — For any market subject to a prolonged crisis there comes a time when it finds a new balance at a lower price level. That is where the art market now stands. Those who get the message reap the rewards, while the others are looking for trouble. Never, in recent years, was there ever such clear contrast between the poor showing of one auction house, Sotheby's, and the overriding success of the other, Christie's, within 24 hours of each other. This week, the subject was Impressionist and Modern art, a field that has been twisted out of shape by speculation and price manipulation but now seems to be miraculously coming out of the woods. Consider the raw figures. On Tuesday night, Sotheby's offered 66 lots, sold only 35 for \$35.6 million and suffered a failure rate of 38 percent by value, which would have been worse without an \$11 million Matisse, "L'Asie." On Wednesday night, Christie's took over with 76 lots, sold 59 for a total of \$70.6 million, and concluded on a thoroughly tolerable 9 percent failure rate by value. Here, too, Matisse helped, with "Harmony in Yellow" of 1927-28, which set an all-time high for the artist at \$14.52 million.



"Guitar and Newspaper" by Picasso (1914), left, went for \$2.2 million. Matisse's "Harmony in Yellow" was sold for \$14.52 million.

Sotheby's counterperformance is easily explained and was entirely predictable. The gloomy expressions on the dealers' faces as they surveyed in left no doubt on that score. There was a whole string of mediocrities that either should not have been there at all or should have had their estimates slashed by half, if not more. A few bordered on the grotesque, damaging the whole sale with their downmarket look. Renoir's "André en bleu," a crude sketch in oils of a working-class woman with arms like hams and eyes like jelly in the midst of a pinkish blur, was an unlikely candidate for such an exalted Part One sale. Its \$900,000 to \$1.2 million estimate notwithstanding, it

stopped at \$475,000 without a single bid from the audience. Degas' three dancers in dark pastel colors looking half-finished — which might account for their similar half-formed faces and the rummy touch to the color strokes — never got off the ground either. The gravel of Sotheby's premier auctioneer John Marion thudded down on an illusory \$950,000 bid. Worst of all perhaps in this auction, which included Matisse's fantastic "L'Asie," was a study by the master for a woman sprawling on a "fantastic crapaud" with her dress falling off her breast and a leg clumsily folded under the other. Bravely, Marion called out for bids from \$400,000 to \$375,000 without anyone pretending to take the slightest interest. Professionals stared, embarrassed. Edward Neim, the New York dealer in Impressionist and Modern masters, summed up the general feeling as he muttered: "Where do they get the nerve of stepping an \$800,000 to \$1 million estimate on that?" In the atmosphere of oppressive gloom, few stopped to consider that on the whole, at Sotheby's, the good pictures found buyers. This does not just apply to the outstanding Matisse icon of the late period, "L'Asie," which portrays a woman done in flat strong colors, like a poster, and went to the Kimbell Art Museum for \$11 million. It is also true of delightful little things that appeal to the connoisseur and do not catch media attention.

Typical example is the preparatory sketch in oils by Degas for a little girl seated three quarters back, with a big black velvet knot tied in the back of her white frock. The tiny portrait, 27.3 by 22 centimeters (10 3/4 by 8 3/4 inches) was painted by the artist while in New Orleans in 1872-1873. The "unimportant" small gem soared effortlessly to \$550,000. In a higher price bracket, there was Mary Cassatt's portrait of a young woman at the opera. Half-concealed by a large fan, she stares at the invisible stage with a flush of concentrated attention. The composition, as boldly original as the psychological insight into the young woman's emotions is subtle, puts the portrait among the American Impressionist painter's most accomplished works. It shot up to \$2.53 million, exceeding the high estimate by half. Only one fairly good painting failed to make the grade. Léger's "Les Maisons." Grossly overestimated at \$2 million to \$2.5 million, it stood little chance of going higher than the \$1.7 million bid, at which it remained unsold. Prevailing overestimation resulted in several close calls that night. Matisse's Fauve view of the harbor at Collioure is fine but smellish and the canvas is not well covered by the painted surface. It rose, with difficulty, to \$1,375,000, the low estimate, which should have been the middle estimate. Caillebotte's view of the Seine bank with sunflowers squeezed through only just at \$715,000, below the low estimate. Picasso's portrait of a woman, none too good, nearly crashed. It was knocked down to a lone telephone bidder at \$2.6 million, way below the \$3.5 million to \$4.5 million estimate. Sotheby's was clearly at liberty to revise it because the Picasso was part of an estate from which other works had already been sold. Reserves on works from an estate are generally set on the aggregate amount, not piecemeal. Therein lies one of the two factors behind Christie's contrasting success the day after. Many lots came from estates. Christie's had obviously revised several of its estimates downward. This saved the day. A Cubist still life painted by Picasso in 1914 had a most unfortunate salmon pink background. It got through by the skin of its teeth, at \$2.2 million, far below the estimate of \$3 million to \$4 million plus 10 percent premium. A very indifferent still life done by Matisse in 1925 sold for \$328,000, instead of the \$700,000 to \$1 million plus 10 percent predicted by Christie's. Here, too, were some close calls. Cézanne's view of a clump of trees at the Jas de Bouffan, his provincial estate, done around 1875, was about to be bought in when a single bid brought it up to \$1,525,000 (plus premium). Christopher

first two were allowed to go below the low estimate on the high probability that the third one would make up for the deficit. It did. Never mind if a pleasing Pissarro landscape was knocked down at only \$950,000 (estimate: \$1 million to \$5 million) or if a Renoir portrait of Gabrielle, looking as fat and as obtusely mulish as ever, followed suit at \$1.55 million, plus premium, instead of the \$2 million to \$3 million hoped for by Christie's. These trifling disappointments were easily forgotten in the glory of the \$12.1 million made by a wonderful view of lilies floating in a pond which Monet painted in 1919. (Interestingly Sam Salz, the New York dealer, had sold the Renoir in 1967 for \$225,750, not much less than the price of the lilies, sold to Friedman in 1966 for \$262,500. Tastes change.) That proves beyond doubt that cash for art is available in abundance when the occasion warrants it.

The auction houses must now face up to the new reality. The silly season, which lasted four heady years, from 1986 to 1989, is over and will not come back soon. A New York commentator lamented the fall of Klimt's view of fruit trees on the banks of a lake near Salzburg, sold for \$4.6 million in 1989 and brought in at Sotheby's at \$2 million. But how many connoisseurs would want a Pointillist landscape from an artist sought after for a very different style? Ten years ago, it would have been hard to sell at a quarter of the 1989 price. It's back to Square One and there is every reason to rejoice. The art market has been shown at Christie's to have much more life to it than anyone imagined. It could make a fresh start if auction houses can keep their cool and stop competing like elephants charging in a china shop.

ART EXHIBITIONS

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FOR SALE / SOLD

A king's yacht: A rags-to-riches Greek, who started out selling lottery tickets, has bought former King Constantine's yacht for 40 million drachmas (\$195,000). The Greek news agency ANA said Dimitris Nikolozos was the highest of seven bidders for the 30-meter (100-foot) yacht "Thesusus." The yacht has been kept by the navy since the monarchy was abolished. The medals of a naval officer who went to sea when he was 10 years old and fought with Admiral Lord Nelson at Trafalgar have been sold for £2,860 (\$4,375) at Christie's. The medals were awarded to Lieutenant Alexander Parr, who volunteered for the navy in 1796. Old-time contraceptives: Five 19th-century condoms sold for more than £8,000 at an auction at Christie's of scientific instruments.

Baker FURNITURE. AN AMERICAN MASTERPIECE. SYMBOL OF QUALITY AND COMFORT. From November 14-21, 25% off on sofas, armchairs and selected wood furniture at the Paris showroom in the Marais. HOTEL DE GRAND VENEZ - 60, RUE DE TURENNE, 75003 PARIS. TEL (1) 40 27 04 50 - FAX (1) 80 61 91 50 - OPEN MONDAY THROUGH SATURDAY 10 AM - 6 PM.

OCCUPATIONAL ODDITIES. DIAPHRAGMLESS. A crossword puzzle with a grid and clues. Clues include: 1 Across: A type of fish; 2 Down: A type of fish; 3 Across: A type of fish; 4 Down: A type of fish; 5 Across: A type of fish; 6 Down: A type of fish; 7 Across: A type of fish; 8 Down: A type of fish; 9 Across: A type of fish; 10 Down: A type of fish; 11 Across: A type of fish; 12 Down: A type of fish; 13 Across: A type of fish; 14 Down: A type of fish; 15 Across: A type of fish; 16 Down: A type of fish; 17 Across: A type of fish; 18 Down: A type of fish; 19 Across: A type of fish; 20 Down: A type of fish; 21 Across: A type of fish; 22 Down: A type of fish; 23 Across: A type of fish; 24 Down: A type of fish; 25 Across: A type of fish; 26 Down: A type of fish; 27 Across: A type of fish; 28 Down: A type of fish; 29 Across: A type of fish; 30 Down: A type of fish; 31 Across: A type of fish; 32 Down: A type of fish; 33 Across: A type of fish; 34 Down: A type of fish; 35 Across: A type of fish; 36 Down: A type of fish; 37 Across: A type of fish; 38 Down: A type of fish; 39 Across: A type of fish; 40 Down: A type of fish; 41 Across: A type of fish; 42 Down: A type of fish; 43 Across: A type of fish; 44 Down: A type of fish; 45 Across: A type of fish; 46 Down: A type of fish; 47 Across: A type of fish; 48 Down: A type of fish; 49 Across: A type of fish; 50 Down: A type of fish; 51 Across: A type of fish; 52 Down: A type of fish; 53 Across: A type of fish; 54 Down: A type of fish; 55 Across: A type of fish; 56 Down: A type of fish; 57 Across: A type of fish; 58 Down: A type of fish; 59 Across: A type of fish; 60 Down: A type of fish; 61 Across: A type of fish; 62 Down: A type of fish; 63 Across: A type of fish; 64 Down: A type of fish; 65 Across: A type of fish; 66 Down: A type of fish; 67 Across: A type of fish; 68 Down: A type of fish; 69 Across: A type of fish; 70 Down: A type of fish; 71 Across: A type of fish; 72 Down: A type of fish; 73 Across: A type of fish; 74 Down: A type of fish; 75 Across: A type of fish; 76 Down: A type of fish; 77 Across: A type of fish; 78 Down: A type of fish; 79 Across: A type of fish; 80 Down: A type of fish; 81 Across: A type of fish; 82 Down: A type of fish; 83 Across: A type of fish; 84 Down: A type of fish; 85 Across: A type of fish; 86 Down: A type of fish; 87 Across: A type of fish; 88 Down: A type of fish; 89 Across: A type of fish; 90 Down: A type of fish; 91 Across: A type of fish; 92 Down: A type of fish; 93 Across: A type of fish; 94 Down: A type of fish; 95 Across: A type of fish; 96 Down: A type of fish; 97 Across: A type of fish; 98 Down: A type of fish; 99 Across: A type of fish; 100 Down: A type of fish.

The Sunday puzzle that sold a stack of no-load mutual funds. A lot of people who are interested in the Sunday puzzle in The Times Magazine are also interested in mutual funds. Which isn't surprising, since Times readers are more than twice as likely as all adults to own securities worth more than one million dollars. So if you're selling mutual funds or bonds or annuities or CDs—sell them in The Times. To tell your story of how The New York Times worked for you, or for more information, call Enrich Linker, SVP of Advertising at 212-556-7537. The New York Times. People Buy What's Inside.

Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

A Bully Pulpit Again

Listening to Bill Clinton's news conference on Thursday brought a surprising sense of relief and respect. For 12 years, presidential news conferences have often driven English teachers to slap their foreheads in despair.

And, equally welcome, he explained them. He called anew for campaign finance reform, and embraced several key components of a decent plan: campaign spending limits, new curbs on political action committees and opening the airwaves to candidates.

Congress's New Face

Why did George Bush lose? An intimate of the president gave one answer last week talking to Maureen Dowd of The New York Times: "He was only comfortable with a damn white-bread crowd, a bunch of white male Protestant number-crunchers and bean counters."

of those first citizens lived in mansions; reality for most was little more than a hovel. And from the beginning, the sound in the streets was that of the Tower of Babel.

The Folly of a Pardon

The Republicans urging George Bush to pardon former Defense Secretary Caspar Weinberger do not have the president's interest in mind, much less the nation's. To pardon any of the defendants accused by the Iran-contra special prosecutor would ensure Mr. Bush forever in a scandal in which he was probably a peripheral figure.

ing to Congress about the existence of those notes, frustrating the legislators' interest in obtaining evidence that might have helped unravel the schemes much sooner. The former secretary, who strongly opposed the Congress, not for disagreeing with that body over Iran or Nicaragua. Did politics play a part? Of course, Congress demanded answers and intended to put them to political use.

Remaking El Salvador

Credit the Bush administration with defusing Central America. A region that exploded in the Reagan years is not ticking anymore. President George Bush saw a post-Cold War opportunity, and Secretary of State James Baker handed it off to an adept point man, Bernard Aronson. Nowhere is their contribution more evident and welcome than in El Salvador, where U.S. diplomacy, with a crucial assist from Alvaro de Soto of the United Nations, has just put in place the crucial building block of a negotiated peace.

internal policing, an attempt will be made to organize an independent judicial system. Insurgents and officials alike are taking a chance, but President Alfredo Cristiani and his opposite numbers are showing political courage and skill. Elections under the new order are due in early 1994. The diplomats will stay on tap, and UN monitors will remain on the ground. But a crucial sequence is now under way: to deconstruct the two military forces that fought a 12-year war which claimed perhaps 70,000 lives and set up political pipelines into place under changed institutional conditions. The errors and excesses of U.S. policy cannot be undone, but the bottom line is that the United States, with help, is delivering El Salvador the democratic opening it set out to give.

Other Comment

Japan's Plans for Plutonium

Japan has renounced war as an instrument of national policy and forewent the manufacture of nuclear weapons. But that's not assurance enough for the nations it occupied during World War II. Especially not now, when it is flexing its military muscle (if ever so discreetly), and when most Asian nations are in a weapons-buying frenzy in anticipation of a lower U.S. military profile.

What Place for Russia In Clinton's Puzzle?

By Stephen S. Rosenfeld.

WASHINGTON — Yes, the Cold War is over, but from a security standpoint the largest, most important and most difficult single piece of the global jigsaw puzzle remains to be put in place in Russia. Ready or not, Bill Clinton is going to have to turn to this formidable task.

up of the Soviet Union left as citizens of countries other than Russia? Is the U.S. government supposed to sit and smile if Russia decides to resume a classical anti-Slav pro-Serbia course in the Balkans? Suppose the no-return crowd continues to keep Moscow from negotiating on the Kuril Islands with Japan? The United States has got to assert its interest in these and other related matters. There's no place in U.S. policy for "infantile pro-Russiaism."

This imbalance has generated a backlash at the Russian end: a feeling that the relationship is one-way and unfair. This feeling exists apart from, but it feeds, a parallel tendency of nationalism that runs not only among extremists but among committed democrats as well.

The first priority is democratization. Nothing else will ensure that Russia, weak or strong, will be a good friend and partner. Anything else mocks the sacrifices of the Cold War. Chomchil, in his famous Iron-Curtain-is-descending speech of 1946, invited Stalin's Russia to take its "rightful place among the leading nations of the world" — but democracy was the condition. Recalling this offer recently, Paul Wolfowitz, undersecretary of defense, renewed it. Democracy remains the condition — in particular, he said, political control of the military's policy and budget.

The Russian ambassador in Washington, Vladimir Lukin, is among the proven democrats who think Russia should not fall into what he calls "infantile pro-Americanism." An example: Russia inherited a lop-sidedly militarized economy and is driven by desperation to sell arms abroad, but it is then scolded by Washington, which is far richer and peddles its own arms energetically.

On election night, when most Democrats were euphoric, former Vice President Walter Mondale told me in a telephone interview that he could not escape one sobering thought: "If Congress treats Bill Clinton the way it did Jimmy Carter," he said, "we won't be out of power for 12 years, but for 28 years next time."

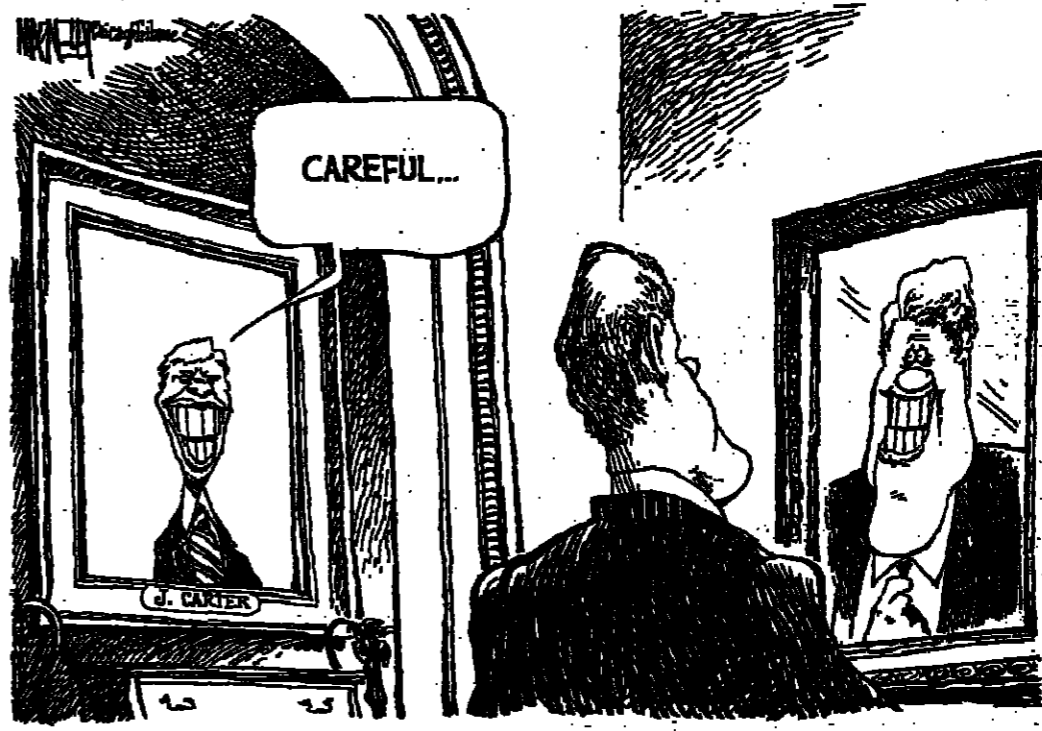
Where He Can Let Humanity and Wisdom Coincide

By Anthony Lewis

BOSTON — At his first news conference since the election, Bill Clinton was asked what his priorities would be in foreign policy. He listed a multi-year defense budget plan, nuclear weapons reduction, continuation of the Middle East peace process and global economic arrangements.

in Kosovo could bring Iran in more broadly. Elsewhere, other examples of humane concerns coinciding with political wisdom await Mr. Clinton. One, of urgency, is Cambodia. U.S. policy over recent years has insisted on bringing the Khmer Rouge mass murderers into the United Nations peace plan for Cambodia. Now, living up to that record, the Khmer Rouge are trying to sabotage the plan.

OPINION



Jimmy Carter Redux? Don't Bet on It

By David S. Broder

WASHINGTON — In the 24 years since Lyndon Johnson left the White House, the only Democrats who have experienced the joys and tribulations now awaiting Bill Clinton and his crew are the men and women who worked for Jimmy Carter. Two of the most pointed and poignant comments I have heard about the 1992 election and its consequences came from people who were central players in the Carter administration.

ing. Come up with a solution, check your calculations, and act. Congress did not respond well to that approach. And Mr. Carter did not react well when legislators tinkered with his solutions. But Mr. Clinton is a lawyer, not an engineer, and is consultative and inclusive by instinct. He is as flexible as Mr. Carter was rigid — some would say too flexible.

Mr. Carter viewed politics as a sort of penance exacted of those who aspire to leadership in a democracy. He saw politics as a rather selfish arena of ego, ambition and sordid interests, and he did his best to keep it at bay. Mr. Clinton, by contrast, loves politics. He gets joy from the bickering and dickering and he clearly is renewed by the hours he spends with voters and politicians. The schmoozing and shop-talk that Mr. Carter found a burden, Mr. Clinton craves.

Declare the Parties Over And Let the Fun Begin

By Don Hewitt

WASHINGTON — Of all the presidents I have covered, from Harry Truman to George Bush, I don't remember one of them ever being more delighted than when he could brag about "bipartisan support" on tell Congress that what he was asking for was a "nonpartisan issue."

Lift the Veil Over Mideast Arms Sales

By A. M. Rosenthal

NEW YORK — Lucky Bill Clinton. He wants change. All right — all by himself he can bring about one historic change that touches on war and peace. As president, he can end the diplomatic con game that led the United States to war in the Middle East and is likely to do so again.

of Syrian backing of terrorists? 5. And, since both Syria and Iran are on the U.S. list of terrorist nations, is it a clear act of American self-determination to sell them any war potential at all — or what? Then, a new president might ask himself some questions. If all this is going on why should the American public, which will have to pay in blood or treasure, maybe both, not know about it, right now? President Clinton will have to open his political and executive power to the messy closets of American diplomacy. In place of Secretary James Baker and cosmic he will be able to bring in people who want to open the windows of unjustified secrecy. Then he ought to make sure they keep as enthusiastic about public knowledge and scrutiny when they are in office as when they were filling out their résumés.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen LEE W. HUEBNER, Publisher JOHN VINOCUR, Executive Editor... WALTER WELLS, News Editor... SAMUEL ARI, KATHERINE KNORR... CHARLES MITCHELLMORE, Deputy Editor... CARL GEWIRTZ, Associate Editor... ROBERT J. DONAHUE, Editor of the Editorial Pages... REGINALD DALE, Economics and Financial Editor... RENÉ BONDY, Deputy Publisher... RICHARD H. MORGAN, Associate Publisher... JUANTIA I. CASPARI, Advertising Sales Director... ROBERT FARRÉ, Circulation Director... International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel.: (1) 46-37-93.00, Telex: Circulation, 612832; Production, 630698. Director of the Publications: Richard D. Simmons. Chairman from 1988 to 1992: John Hery Whitney.

The writer is executive producer of "60 Minutes." He contributed this column to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Flags for a Friend

BALTIMORE — Excitement was caused here Saturday (Nov. 12) by Captain Thorpe, an officer of the Jointness Steamship Company, who decorated two of the company's steamers with a profusion of English flags. When asked why, he replied that it was in honor of the election of Mr. Cleveland. Upon being reminded that he was not American and was not supposed to be interested in Presidential matters, he replied that England was benefited by Mr. Cleveland's election and he had a right to decorate if he chose. He has been reprimanded and the flags have been removed.

1942: Serbs Are Executed

LONDON — [From our New York edition.] A thousand Serbs, many of them women and children, were executed on Sept. 29 at Vukovar, the Yugoslav Information Bureau reported today (Nov. 13). It said 38 others were put to death in other communities near Vukovar. In other areas of Nazi-occupied Europe more people have been executed for espionage and on other charges. Czech-Slovak officials said 24 Czechs were executed in Prague. The Germans in Prague have been forced to organize special "assault commands" to protect themselves against attacks by the Czech population.

1917: A Soothing Prince

HEADQUARTERS OF THE ITALIAN ARMY — The presence of the Prince of Wales on the Italian front has already had the most pleasant effect on Italians. The extraordinarily open personal influence of the young prince, with his unaffected, genial

Advertisement for 'BEST COLUMBIA' featuring 'Rate Cuts', 'Wave Flag', and 'Dollar Bull'. Includes text about 'RECASE' and 'Dropping Ecu'.



THE REPORT

FIRST COLUMN

Rate Cuts Wave Flag at Dollar Bulls

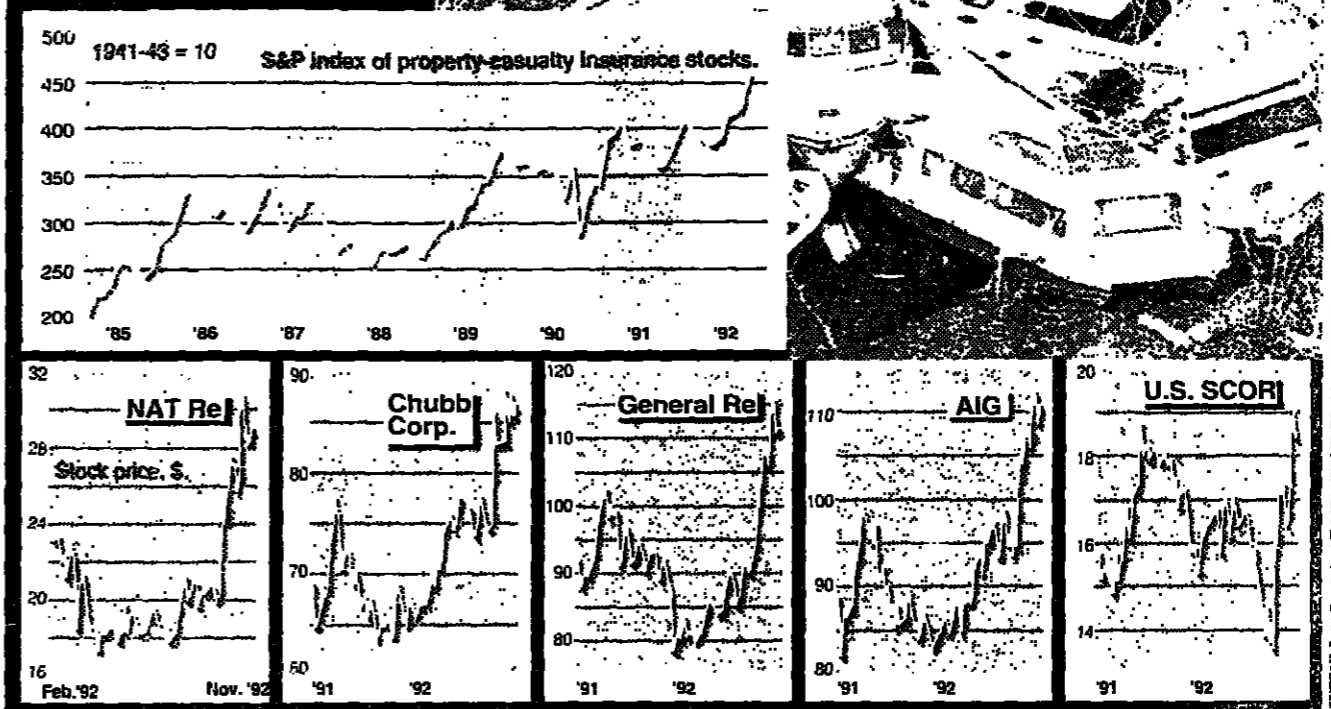
If anyone doubts the capacity of financial markets to fixate on immediate happenings and lose sight of the long-term trend, just take a look at the dollar.

Silver Lining Appears For Insurance Stocks

By Judith Rebak

HURRICANE Andrew ravages Florida, causing \$10.2 billion in damages. Hawaii reels under Hurricane Iniki, chalking up another \$1.6 billion in losses.

Winds of Change



Sources: Standard & Poor's, Bloomberg Business News

compared to the overall market average of 15. AIG reported Nov. 5 that third-quarter net income fell 8.6 percent because of storm-related losses.

BRIEFCASE

Fidelity Relaxes Charges On Retirement-Plan Funds

Fidelity Investments announced that it is waiving the front-end sales charges on 16 of its funds for holders of American retirement accounts.

—by increasing their holdings of tax-exempt municipal bonds while the current oversupply keeps prices low and yields high.

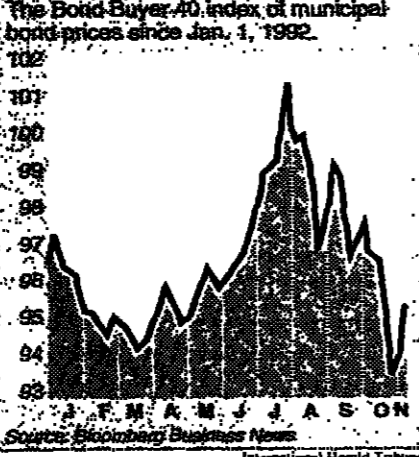
Municipal bonds have been out of favor since marginal tax rates were lowered under the Reagan administration.

Switzerland foresees a turnaround. They cite low inflation, which should lead to a relaxation of monetary policy.

New Challenge to French Ban On Interest-Paying Checking

French banks continue to be under siege from institutions trying to introduce the idea of interest-bearing checking accounts.

Bond Roller Coaster



Currency Traders Divided On Fate of Canadian Dollar

Whether Canada stays Canada is anybody's guess, now that voters have rejected the referendum on constitutional reforms.

Liffe Dropping Ecu Contract And Launching Mark Trade

The coming and going on the London International Financial Futures and Options Exchange reflect the chaos of the last few months in world currency markets.

Shearson: Municipal Bonds Look Better Under Clinton

One way to get ready financially for President Bill Clinton, according to Shearson Lehman Brothers, is to stock up on municipal bonds.

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THE MONEY REPORT

Clinton May Be a More Cautious Spender Than the Markets Think

Selected experts in economics and investment give their opinions, month by month, of the outlook for the world's major economies, currencies and financial markets.



Gerald Holtham, chief international economist, Lehman Brothers, London

The financial markets have already sized up President-elect Bill Clinton. They are expecting him to increase federal investment, even if that means worsening the federal deficit by \$20 billion to \$40 billion. Accordingly, the U.S. bond market has sold off, with yields on 10-year bonds rising by half a percentage point in the last month.

short run. The equity market is up a couple of percent in spite of that rise in bond yields. Somewhat faster growth with the risk of higher inflation further out means higher short-term interest rates. For that reason, the money markets are now predicting higher rates. Overnight money may be at 3 percent but one-year deposits are close to 4 percent and the futures market is betting that three-month deposits, now at 3.6 percent, will be at 3.8 percent next March.

The dollar has responded, rising nearly 20 pips from an early October low of 1.4 Deutsche marks. Readers who followed my advice last month to switch from Danish kroner into dollars will be about 14 percent up. (Too bad the bond part of my recommendation, namely to stay with Canada, has yet to pay off). Part of that dollar rise was due to anticipations of declining German rates, which are no doubt correct in the medium term but which will probably go on ice for a while due to stubborn German inflation.

I have no serious quarrel with the markets on any of this but if they turn out to be wrong, which way will it be? Mr. Clinton is likely to be more cautious with his fiscal policy than expected. And while the U.S. economy should accelerate, it is unlikely to go into rip-roaring overdrive.

especially with the dollar coming back from very competitive levels. A firmer dollar will slightly raise European inflation but, again, the effect will be small. A crucial area is trade. Mr. Clinton's advisers are not noted for a vociferous wing of the Democratic Party will be arguing for tough action on trade with more unilateral U.S. measures on tariffs. The chances of a trade war are slightly higher than they were under a Bush administration, with adverse consequences for some European industrial sectors. On balance, though, it is likely that an accommodation will be found. The Uruguay Round of reduced trade barriers may not go through in the next few months, but a trade war should be avoided.



Hirohiko Okumura, chief economist, Nomura Research Institute, Tokyo

Outlook

Almost all of Japan's main economic indicators for the 1992 July-to-September quarter have now been released. In quarter-on-quarter terms, housing investment, public investment and external demand (exports less imports) grew at a rapid pace. At the same time, consumer prices and domestic wholesale prices remained stable.

Real household consumption grew by a seasonally adjusted 0.4 percent on a monthly basis in July and by an additional 0.6 percent in August. Although the figures for September are not yet available, we nevertheless expect positive quarter-on-quarter growth to be recorded for the full July-to-September quarter. Although the overall trend in consumer spending would appear to be at odds with the fact that department stores and supermarkets sales remain in the doldrums, some 40 percent of household consumption is accounted for by services, which continue to grow at an annual rate of between 4 percent and 5 percent. This has been sufficient to offset the minimal growth in spending on goods, which accounts for the remaining 60 percent of household consumption.

Moreover, although private corporate capital investment is thought to have remained on a downward trend in the July-to-September quarter, we do not expect this additional drop to be particularly marked in view of the very sizable decline registered in the April-to-June quarter (in GNP terms, an annual quarter-on-quarter decline of 9.3 percent was registered

for the April-to-June quarter after adjustment for seasonal factors). In light of the above, it would appear that the government's package of economic stimulation measures is starting to take effect. We expect a return to growth in housing investment and renewed growth in public investment to emerge as the primary driving forces behind real GNP growth of an annual 3 percent or so in the July-to-September quarter.



Nigel Canning, senior investment manager, Anas Grindlays Bank (Jersey)

I remain positive for the U.S. dollar over the next 12 months. This currency, despite its recent rally, remains undervalued and as the U.S. economy recovers and the interest rate differential with Europe declines, further pro-

gress can be expected. The weakness of the German economy leaves the Bundesbank with no alternative but to lower rates further. The difficulties Germany also faces with political and social unrest should also worsen Deutsche mark sentiment and this currency is likely to lose further ground against an improving yen. Sterling, having suffered a substantial devaluation, is now probably at an economically justifiable level but given the government's general level of mismanagement, further periods of weakness cannot be ruled out. Elsewhere, a generally improving tone to the U.S. dollar might allow the Canadian dollar to make progress.

Over the course of the last 18 months, most of the major bond markets of the world (particularly the "Anglo-Saxon" markets, i.e., the United States, Britain, Australia and Canada) have made substantial progress due to low levels of economic growth, declining inflation and declining interest rates. Obviously, as the return from cash deposits has diminished, investors have turned to bonds for a fixed rate of return, as evidenced by the recent stampede into U.K. bonds following the hints from the prime minister that British rates in the attempt to kick-start the economy. At present, given the general level of gloom concerning economic growth prospects in Britain, there is the possibility that bond yields are being driven down to levels that are not really justified and there is some danger that on the emergence of any evidence that economic growth is beginning to pick up, a sharp setback in the bond market could occur.

INTERNATIONAL FUNDS

Nov. 13, 1992

Table listing various international funds with columns for fund name, currency, and price. Includes sections for 'Other Funds' and 'LIPPO INVESTMENTS'.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 21 33.

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THE MONEY REPORT

Debt-Rating Agencies Fill the Gap

By Rupert Bruce

IN EUROPE, increasing uncertainty in the debt markets is making the rating agencies more and more influential.

As investors have increasingly looked across their national borders and debt issuers have defaulted with startling frequency, so agencies like Standard & Poor's Ratings Group and Moody's Investors Service have been turned to for guidance.

Not so long ago all but the biggest investors stuck to domestic debt markets, but today they look further afield in a quest for the best trade-off between risk and reward.

That often means buying the debt of companies or countries they know little about.

Add to that the well-publicized plethora of recent bond defaults by European companies — Maxwell Communications Corp. and Mountleigh, the property company, to name a couple — and the investor's need for help becomes obvious.

The rating agencies provide a guide by forming scales of creditworthiness. So, a bond issue, or an issuer, that is rated AAA by Standard & Poor's, is one of the largest rating agencies, has the highest possible credit rating.

David Mynves, director of business development (Europe) at Standard & Poor's, said that getting a rating is almost a precondition to selling debt now.

The expansion of the ratings agencies in Europe over the last decade or so has been enormous. Standard & Poor's, for example, has more than 80 analysts outside the United States, with many of them in Europe.

Moody's, which has also expanded rapidly, has announced that it would shortly be opening an office in Madrid. It already has European offices in London, Paris and Frankfurt.

And in the first step toward the creation of a true European rating agency — both Standard & Poor's and Moody's are North American — IBCA, a British rating agency, and EuroNotation France, merged last month.

Where the approach of analysts working for rating agencies differs from that of equity analysts is that they are merely seeking to establish what the risk of a debt issue not being fully repaid is. Equity analysts have the quite different task of establishing whether a stock is a buy or a sell.

The rating agencies also claim, logically, that they are impartial because they have no conflict of interest. Investment banks and brokers, on the other hand, may buy and sell on their own account, or have better or corporate finance relationships.

The method of examining a corporate debt issuer, however, is similar to that of an equity analyst, if longer term. John Diaz, a vice president at Moody's, said: "Our approach is fundamental. There is, I think, a bit of a myth that all we do is look at ratios and create a credit grid in which we try to place a company based on its ratios."

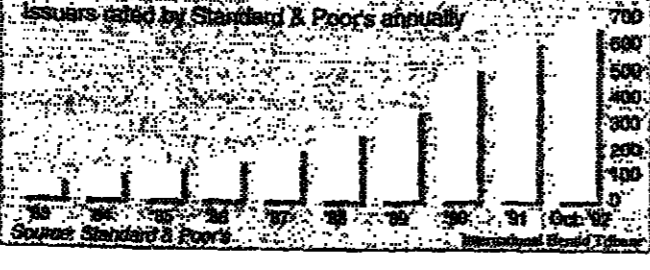
"We do look at ratios, but ratios really are a starting point. I mean, all a ratio really gives you is a historical look at a company. Where a company has been, and by the time an account comes out, it is old news."

Moody's uses a company's published accounts as a starting point from which to predict its cashflow for the next few years. It looks at the stability of cash, that the company can generate and how easily it can afford to meet its debt repayments.

Analysts will also take into account such things as global industry trends and the outlook for the economies in which a company operates.

But however scientific their techniques, the two big American agencies have their critics. A senior manager at a leading bond investment management house, who did not want to be named, said: "As far as Moody's and Standard & Poor's are concerned, the problem is that they tend to be reactive rather than proactive."

S & P's European Business



Source: Standard & Poor's

when things are at their worst and are about to get better and they upgrade when things are at their best."

He used the example of Moody's controversial downgrade of Italy's sovereign debt on Aug. 13. Moody's, which has a different ratings scale from Standard & Poor's, downgraded Italian debt from A-1 to A-3 due to poor condition of state finances.

"To think of downgrading Italy at this time," he said, "is ludicrous. If there ever was a time when Italy looked at all like turning the corner it is now."

Still, Standard & Poor's own examination of its record is impressive. Only 2.78 percent of those issuers rated AAA in 1981 had defaulted by 1990. And that was accounted for by one issuer, which was taken over. In fact, all the so-called "investment grades," (as opposed to high-risk, speculative grades), had similarly low rates of default.

An independent study, carried out by the academics Edward Altman and Duen Li Kao, has also shown that the agency rarely downgrades its ratings. Such stability is important because a downgrade is often accompanied by a sharp fall in the price of debt.

Both of the American agencies say that it is not just institutional debt investors who subscribe to their services. Many private investors who are anxious to monitor the creditworthiness of their bonds, bond funds, or other debt instruments subscribe to regular publications. Private investors can also read about downgrades in newspapers' debt market reports.

After all, private investors, like institutional investors, are becoming increasingly international and have also been victims of the recent bond market defaults.

Analysts' Estimates of Hong Kong Company Results

Table with columns: COMPANY, End of financial year, Earnings est. for '92 (financial year), Last month's est., % change, Last month's closing price, Current price, % change, P/E (est.), No. of analysts' est. used. Lists companies like HUTCHISON WHAMPOA, JARDINE MATHESON, DAIRY FARM INTL, etc.

Custodian Banks: Bigger Is Better

By Conrad de Aenlle

IT IS doubtful that many investors in an offshore fund think twice about its custodian bank, but regulators and managers nominate over it quite a bit, for it is that bank that holds the fund's assets.

While managers are more likely to be in global financial hubs rather than the tiny islands that have set themselves up as investment centers, custody is the one function the territories insist be performed at home, because the custodian bank is where everybody's money is — or isn't, if something is amiss.

Funds in either of two of the Channel Islands, Jersey or Guernsey, considered by many to be the leading offshore centers, can be marketed on the other and in many other jurisdictions, and their administration can be away from their home base, but the custodian bank must be on the island where the fund is domiciled.

"We are open more to cross-border operations, but we are wary about them," said Alan Heard, Jersey's authorization manager for investments and securities. "We have some funds where all the real work is carried out somewhere else, say the U.K., but we want all the information sent back to Jersey."

And they want responsibility for fund assets never to leave, for sound reasons. "What happens if something goes wrong and there's the need for litigation? Mr. Heard asked. "Where's all this going to take place? If the adviser is in the Cayman Islands, we want Jersey jurisdiction."

Regulation on Jersey and Guernsey is similar, but there is a key difference in custody matters: An open-ended Guernsey fund can have

the same bank act as administrator and custodian, but in Jersey they must be separate entities. The reason for separating the functions, said James Jenkin, supervisor of investments and securities for the Jersey Financial Services Department, is to "try to keep an independence of view as to what is happening in a scheme."

Problems in the banking sectors on both islands have been few. The British Commonwealth and Merchant Bank on Guernsey "closed in June, 1990, and hasn't opened its doors since," said John Roper, director-general of Guernsey's Financial Services Commission. So far, though, depositors have been reimbursed 78 percent of the £10 million to £12 million (\$19 million to \$23 million) that they stood to lose. By 1994, he said, reimbursement will have been made in full.

On Jersey, Mr. Jenkin noted, "there have been losses." In one recent embezzlement case, £100,000 of investor money was taken, "but the promoter replaced it before it broke publicly."

"There was no obligation for the company to make good the loss — except for the obligation to maintain its good name. That is why it is mostly long-established world banking giants that provide the custodian functions in the Channel Islands. The bigger ones include Chase, the global leader, claiming \$181 billion in assets under custody, Lloyds, Kleinwort Benson, Royal Bank of Canada and Credit Suisse.

"The investing public is much more aware" of the custodian function after the scandal that undid the Bank of Credit & Commerce International and its customers last year, said Paul Wrench, director of Lloyds' Bank Fund Managers Guernsey, which serves as custodian for \$1 billion of assets. "People want a big name now. We have a

reputation at stake; our main criterion is to protect that name." The trend in custodianship is toward fewer and bigger banks. "Certain banks are exiting this business because they can't do it well enough or cheap enough," said Julian Bub, managing director of Chase Bank & Trust Co. (C.I.), which has been "expanding to be the custodian for other banks." Its assets in custody in Jersey have risen 25 percent this year, he said.

"This business is becoming so competitive, pricing is so tight," he went on to say. "The only way to succeed is to become a big player and have that critical mass that allows you to make money."

Bigger, from the point of view of Chase, is better. "There are no 10-pence shyster custodians" on the islands, Mr. Bub said. "As far as we're concerned, the little man in the street couldn't be better protected."

WHILE the custodian of record for a Channel Islands fund must be on the same island, regulations do allow for subcustodian arrangements with outside entities. As a practical matter, most of the custodial duties are done by an affiliate, subsidiary or parent company of the local bank. For instance, Chase in Jersey keeps its records at a central facility in England.

"We're actually moving our back office to Bournemouth," explained Michael Jury, who is in charge of Chase's custodial operations in Jersey. "It comes down to two things: economies of scale and the technology needed to compete effectively in this business."

In the end, though, it's the local bank on Guernsey or Jersey that is responsible for holding the goods. "We say to firms on the island, 'We've got you there and the court's

just down the road," said Mr. Jenkin. But what if the custodian were just across the Channel? Given that the two Channel Islands have similar regulatory regimes and reputations, would it help the industry if a fund domiciled on one were able to use a custodian on the other?

"From a business point of view, for Lloyds Bank, there would be advantages of having one operation serving all Lloyds offshore funds," said Mr. Wrench, whose bank has operations on both islands. But it's not likely to happen anytime soon.

"We have looked at that recently and are still looking at it," said Mr. Roper, the Guernsey regulator. "We think we'll retain our present position that if you are a Guernsey bank, you should have Guernsey-authorized funds."

For all the similarities between the islands, there is a rivalry that is part of "a centuries-old tradition" that so far has precluded a great amount of cooperation, he said, although "it doesn't go so far as to try to damage the other island."

Not much, anyway, and not seriously. Mr. Roper has the sober demeanor of a financial regulator — until the subject of inter-island competition is raised. His face lights up when he recites the oneliners the people of Guernsey utter about their cross-Channel colleagues.

"I don't mind Jersey men, but I don't think I could get through a whole one," or "Red sky at night, Guernseyman's delight — Jersey's burning."

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# NYSE

Friday's Closing  
Tables include nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Stock	Div	Yield	High	Low	Open	Close
IBM	3.20	5.8%	110.00	108.00	109.00	109.00
Microsoft			34.00	32.00	33.00	33.00
Apple			48.00	46.00	47.00	47.00
Oracle			24.00	22.00	23.00	23.00
Sun			18.00	16.00	17.00	17.00
AT&T	1.10	5.5%	20.00	19.00	19.50	19.50
Verizon	1.20	6.0%	20.00	19.00	19.50	19.50
WorldCom	0.70	5.5%	12.50	12.00	12.20	12.20
Qwest	0.40	5.5%	7.20	7.00	7.10	7.10
Level 3	0.20	5.5%	3.60	3.50	3.55	3.55
Southwest	0.40	5.5%	7.20	7.00	7.10	7.10
Delta	0.40	5.5%	7.20	7.00	7.10	7.10
United	0.40	5.5%	7.20	7.00	7.10	7.10
Allegiant	0.40	5.5%	7.20	7.00	7.10	7.10

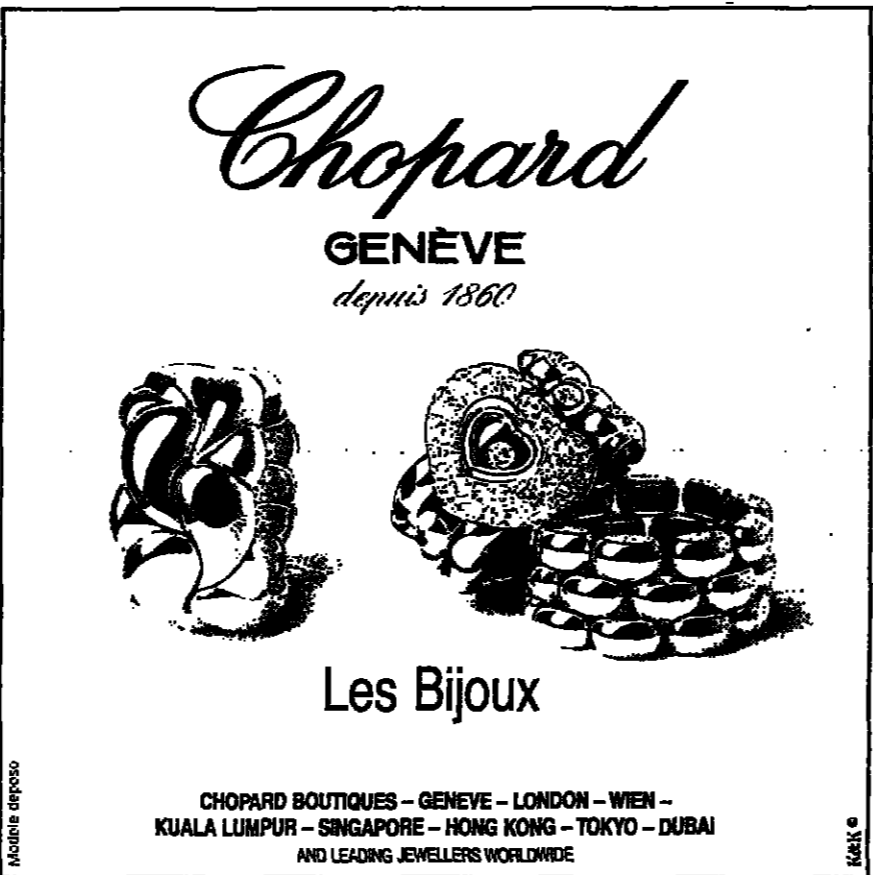
Symbol	Price	Change
IBM	109.00	+1.00
Microsoft	33.00	+1.00
Apple	47.00	+1.00
Oracle	23.00	+1.00
Sun	17.00	+1.00
AT&T	19.50	+0.50
Verizon	19.50	+0.50
WorldCom	12.20	+0.20
Qwest	7.10	+0.10
Level 3	3.55	+0.05
Southwest	7.10	+0.10
Delta	7.10	+0.10
United	7.10	+0.10
Allegiant	7.10	+0.10

Symbol	Price	Change
Amazon	10.00	+0.50
Comcast	15.00	+0.50
Earthlink	20.00	+0.50
Excite@home	25.00	+0.50
Hotmail	30.00	+0.50
MSN	35.00	+0.50
NetScout	40.00	+0.50
Online	45.00	+0.50
Proxad	50.00	+0.50
VeriSign	55.00	+0.50
WebTV	60.00	+0.50
Worldnet	65.00	+0.50
Yip	70.00	+0.50
Znet	75.00	+0.50

Symbol	Price	Change
Alcoa	30.00	+0.50
Aluminum	35.00	+0.50
Boeing	40.00	+0.50
Caterpillar	45.00	+0.50
Deere	50.00	+0.50
Dynegy	55.00	+0.50
Eastman	60.00	+0.50
General Electric	65.00	+0.50
General Motors	70.00	+0.50
Honeywell	75.00	+0.50
Johnson & Johnson	80.00	+0.50
Lockheed Martin	85.00	+0.50
Medtronic	90.00	+0.50
Motorola	95.00	+0.50
Oracle	100.00	+0.50
Rockwell International	105.00	+0.50
Texas Instruments	110.00	+0.50
United Technologies	115.00	+0.50
Westinghouse	120.00	+0.50

Symbol	Price	Change
3M	50.00	+0.50
Amgen	55.00	+0.50
Amgen	60.00	+0.50
Amgen	65.00	+0.50
Amgen	70.00	+0.50
Amgen	75.00	+0.50
Amgen	80.00	+0.50
Amgen	85.00	+0.50
Amgen	90.00	+0.50
Amgen	95.00	+0.50
Amgen	100.00	+0.50
Amgen	105.00	+0.50
Amgen	110.00	+0.50
Amgen	115.00	+0.50
Amgen	120.00	+0.50

Symbol	Price	Change
Amgen	125.00	+0.50
Amgen	130.00	+0.50
Amgen	135.00	+0.50
Amgen	140.00	+0.50
Amgen	145.00	+0.50
Amgen	150.00	+0.50
Amgen	155.00	+0.50
Amgen	160.00	+0.50
Amgen	165.00	+0.50
Amgen	170.00	+0.50
Amgen	175.00	+0.50
Amgen	180.00	+0.50
Amgen	185.00	+0.50
Amgen	190.00	+0.50
Amgen	195.00	+0.50




**Asia Pacific**

Symbol	Price	Change
Amgen	100.00	+0.50
Amgen	105.00	+0.50
Amgen	110.00	+0.50
Amgen	115.00	+0.50
Amgen	120.00	+0.50

**Economic**

China's Gain, Southeast A...

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**Market Data**

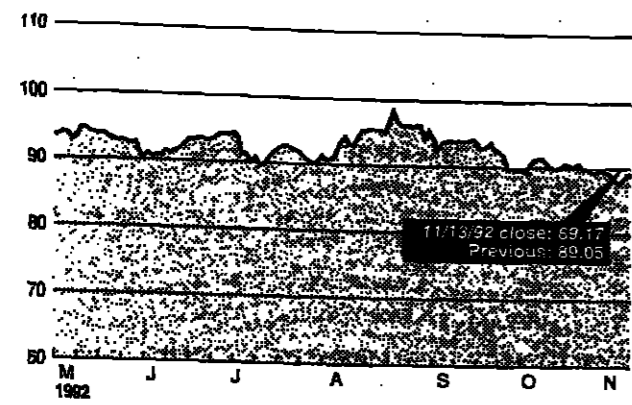
Market	Value	Change
DAX	1200	+10
FTSE	1500	+15
Nikkei	18000	+100
Hong Kong	10000	+50
S&P 500	2500	+20

(Continued on page 16)

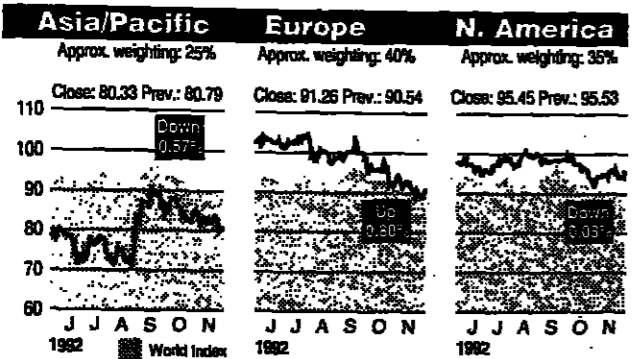


### THE TRIB INDEX: 89.17

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.



Region	Approx. weighting	Close	Prev.	% change
Asia/Pacific	25%	80.33	80.79	-0.57
Europe	40%	91.26	90.54	+0.72
N. America	35%	95.45	95.53	-0.08

Industrial Sector	Close	Prev.	% change
Energy	91.30	91.17	+0.14
Utilities	84.68	84.06	+0.74
Finance	80.37	80.33	+0.05
Services	96.53	96.13	+0.42

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by mail. Write to: IHT Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

## Clinton Strategists, Like the Man, Defy Easy Definitions

By Lawrence Malkin  
*International Herald Tribune*

NEW YORK — Sticking a label on Bill Clinton is the most popular parlor game in Washington, but most of them seem to drop off. In the area that is his top priority and the nation's, restoring the economic health of the United States, the best definition anyone can come up with is tautological: Clintonomics.

This is no accident. The president-elect is still defining himself and his program, and neither fits neatly into any category.

Mr. Clinton said this week that his challenge was twofold — the short-term problem of pushing the economy out of a Sisyphian recovery and the more fundamental one of "increasing the productivity of the American economy so that we can not only create more jobs, but that we can begin to raise the income of ordinary Americans again for the first time in over a decade."

But how? Donald McCloskey of the University of Iowa, an economic historian, finds the Clintonites a somewhat "mysterious" bunch in classical economic terms. He pointed out that most are really domestic policy "wonks" — a Washington word implying a bookish, indeed slavish, attention to detail.

Strategy is likely to be eclectic — closer to market principles but not supply-side.

## U.S. Sales and Confidence Grow

By Robert D. Hershey Jr.  
*New York Times Service*

WASHINGTON — The path of U.S. economic recovery brightened Friday as the government reported that retail sales rose 0.9 percent in October and pollsters at the University of Michigan found consumer confidence soaring in the first half of November.

The findings, combined with yet another decline in first-time jobless claims that was reported Thursday, raised hopes among many economists that the exceptionally sluggish business recovery may finally be gaining some momentum.

"This forced us to sit down and look at the models again," Raymond A. Waseck, chief economist for A.G. Edwards & Sons in St. Louis, said of Friday's retail data, which showed a fourth straight monthly gain and the biggest since July.

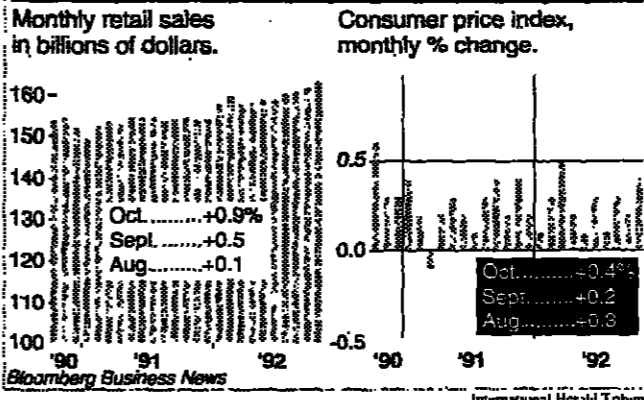
One result was to raise by one-half point, to 4 percent, the firm's estimate of the pace of economic growth for the second quarter of 1993.

Tracy Mullin, an official of the National Retail Federation, called the figures evidence of "a sense of optimism and hope among the buying public" that bodes well for the holiday season.

Still another report Friday found inflation at the consumer level rose 0.4 percent in October, a bigger-than-expected increase but one that most analysts dismissed as an aberration.

Earlier in the week, the Labor Department said prices received by American producers actually de-

### Signs of Economic Life



Monthly retail sales in billions of dollars. Consumer price index, monthly % change.

clined slightly for goods at the intermediate and crude stages of production and for finished goods when the erratic food and energy components are excluded.

The University of Michigan does not discuss current results of its proprietary survey, but Wall Street subscribers said its overall confidence index jumped to 83.6 in the first half of November from 73.3 at the end of October. Readings for expectations and for current conditions rose similarly, to 75.1 and 96.7, respectively, these sources said.

Although retail sales were thought to benefit from the continued cleanup from Hurricane Andrew, the October gains were nonetheless considered solid. In addition, September's increase was revised upward to 0.5 percent and August now shows a tiny gain of 0.1 percent instead of no change.

"October started off the quarter pretty well," observed Kathryn Eickhoff, president of Eickhoff Economics, a consulting firm. She said she was particularly encouraged that sales of furniture had continued to rise.

Ms. Eickhoff also said that while incomes have been growing slowly, the steady decline in first-time jobless claims, to below 400,000, puts them at a level associated historically with significant economic growth.

The Commerce Department's report on sales, considered a good indicator of current conditions even though revisions are often sizable, showed durable goods rising

1.7 percent and nondurables rising 0.4 percent.

Among durables, sales rose 2.9 percent at automotive dealers, 2.9 percent for merchants selling furniture, home furnishings and equipment and seven-tenths of 1 percent for dealers in building materials, hardware, garden supplies and mobile homes.

For nondurables, which accounted for \$103.4 billion of the \$163.3 billion total, the gains were nine-tenths of 1 percent for general merchandise stores, 1 percent for food stores, 1.4 percent for apparel and accessory stores and three-tenths of 1 percent for gasoline service stations.

Restaurants and bars, however, posted a 0.4 percent decline while sales at drug and proprietary stores fell 0.8 percent.

Michael P. Niemira, an economist at Mitsubishi Bank, observed in a recent market letter that nondurables had been much slower to rebound than durables. Friday's report, adding to this trend, showed durables up 8.1 percent over the past 12 months while nondurables rose only 4.3 percent during this period.

Mr. Niemira also pointed to divergence within nondurables as general merchandise, apparel and gasoline have bounced back while food-related sales — grocery stores, bars and restaurants — have been weakening for three years.

He said this reflects various factors, including "the down-scaling of purchases by individuals" and the decision by major discount stores to carry more groceries.

## Troubled GPA's Debt Is Downgraded

By Bloomberg Business News

NEW YORK — GPA Group PLC's \$2.05 billion in rated debt was downgraded Friday by Moody's Investors Service and Standard & Poor's Corp., as the credit-rating agencies underlined their uneasiness with the Irish aircraft-leasing company's debt burden and the state of the airline industry.

"Our primary concern is one of liquidity and now greater uncertainties regarding the fragile ongoing negotiations with aircraft manufacturers, lenders and shareholders — all of which are intertwined," said Charles P. Mancuso, a Moody's analyst.

GPA Group, the world's largest aircraft-leasing company, has been trying to work out a

plan with its creditors to restructure its \$3.5 billion in total debt. A Nov. 23 meeting with lenders has been scheduled to outline the plan.

S&P said the downgrade affects about \$250 million in senior secured and \$1.8 billion of senior unsecured debt.

The leasing company's attempt to restructure its debt has been hampered by its inability to secure a planned \$750 million aircraft lease fund and this week's postponement of plans to sell \$350 million in preferred shares. GPA canceled an initial public offering in June because of a lack of interest from institutional investors.

As of Oct. 31, the company said it had access to more than \$1.4 billion in cash and credit facilities and adequate liquidity to meet its needs.

GPA continues to place aircraft with the airlines but has experienced problems with customers as the industry continues to contract.

Standard & Poor's lowered its rating on GPA's commercial paper to B from A-3 and on GPA Leasing USA 1 Inc. and GPA Leasing USA Sub 1 Inc.'s senior secured debt to BB from BBB. In addition, S&P lowered its rating on the senior unsecured debt of GPA Delaware Inc., GPA Holland BV, GPA Investments BV and GPA Leasing USA 1 Inc. to B plus from BBB.

Moody's lowered the long-term debt rating of GPA's senior unsecured debt to Ba2. The company's commercial paper rating was cut to Not Prime from Prime-3. GPA's unsecured units' debt rating was lowered by Moody's to Ba2 from Baa3.

## ECONOMIC SCENE

### China's Gain, to a Degree, Is Southeast Asia's Loss

By Michael Richardson  
*International Herald Tribune*

SINGAPORE — While China's rapid economic growth and opening to foreign investment are having a beneficial ripple effect throughout East Asia, some countries in the region are finding that the Chinese boom is making it more difficult to attract foreign capital.

Officials and analysts say that the lure of gaining direct access to China's market of 1.2 billion consumers and huge pool of cheap manpower is drawing investment in labor-intensive industries away from Southeast Asia.

With investors looking to other emerging low-cost markets in India and Latin America as well as China, pressures are mounting on Southeast Asian nations to liberalize investment laws, hasten deregulation of their economies and speed up improvements to overstretched power supplies, transportation and communications.

China, especially the fast-developing coastal region, is becoming more attractive for labor-intensive investment than Indonesia, Thailand, the Philippines, Vietnam and Malaysia, said Min Tang, an economist with the Asian Development Bank in Manila.

While investment from Japan, Taiwan, South Korea and Hong Kong in most of these countries is falling, it is rising sharply in China. Tan Ee Khooon, senior investment analyst with Summit Securities in Singapore, said that China "will increasingly suck away" investments that once would have gone to Southeast Asia.

Hong Kong and Taiwan, hit in the second half of the 1980s by rapidly rising costs of production at home, have regained international competitiveness by investing in southern China, said C.H. Kwan, senior manager of Nomura Research Institute Ltd. in Tokyo.

Japan and South Korea are also seeking to reduce the cost of their exports by establishing production bases in China.

While Japanese direct investment in Southeast Asia fell by nearly 5 percent to \$3 billion in the year to March 1992, Japanese

## Tokyo Aide Suggests New Tack on U.S. Trade

By Steven Brill  
*International Herald Tribune*

TOKYO — The outline of a new, more pragmatic Japanese-U.S. trade dialogue emerged Friday when a senior Tokyo official suggested scrapping the existing Structural Impediments Initiative talks in favor of a new framework that would bring businessmen into the dialogue.

Sozaburo Okamoto, director general of the Ministry of International Trade and Industry's trade-policy bureau, said the SII talks proposed by President George Bush in 1989 had "made a contribution" but had run their course and "had become less fruitful than expected." Debate over structural issues should continue, he said, but the policy discussions should be tempered by the input of executives familiar with the nitty-gritty of trade.

"Frankly speaking, government officials in the U.S. do not know business practices as well as we do," Mr. Okamoto said. "I hope that if government and business attended together, it would be more practical."

The views of Mr. Okamoto, who stands next in line for the top job in the trade ministry, appear to lead support to some advisors to President-elect Bill Clinton and Democratic congressmen who have questioned the effectiveness of the SII framework.

"If the Clinton government proposes a new method to discuss economic matters, we are ready to enter the discussion on a new scheme," Mr. Okamoto told an audience of foreign reporters.

SII was based on the idea that Japan would become more receptive to imports if it could change its basic economic structure. Measures pushed by Washington included opening up Japan's distribution system to imports, encouraging more leisure and shorter working hours and boosting spending on infrastructure and housing.

Such structural measures reflected the free-trade ideology espoused by George Bush, and implied that a leveling of the playing field in Japan to give U.S. companies a fair shot at the market would be enough to reduce trade imbalances.

The talks were also novel in that Tokyo gave Washington its advice on what changes would make the U.S. more competitive, such as improved education and orienting investment for long-term results. But Japan's arguments were never taken as anything more than perfunctory com-

## CURRENCY & INTEREST RATES

Cross Rates	Nov. 13	Eurocurrency Deposits	Nov. 13
Australian	23.25 47.25 28.55	1.00 1.00 1.00	1.00 1.00 1.00
British	1.60 1.60 1.60	1.00 1.00 1.00	1.00 1.00 1.00
Canadian	70.00 70.00 70.00	1.00 1.00 1.00	1.00 1.00 1.00
French	166.67 166.67 166.67	1.00 1.00 1.00	1.00 1.00 1.00
German	163.66 163.66 163.66	1.00 1.00 1.00	1.00 1.00 1.00
Japanese	148.48 148.48 148.48	1.00 1.00 1.00	1.00 1.00 1.00
Swiss	148.48 148.48 148.48	1.00 1.00 1.00	1.00 1.00 1.00
U.S.	1.00 1.00 1.00	1.00 1.00 1.00	1.00 1.00 1.00

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MARKET DIARY

Stronger Economy Fails to Rally Dow

Bloomberg Business News NEW YORK — Flimsy growth in the U.S. economy failed to bolster blue-chip stocks on Friday, though over-the-counter shares closed with moderate gains. Rumblings of political upheaval in Russia resurfaced, helping drive stocks lower, traders said. "What's wrong with the market is it's just tired," said William Lord, senior vice president in equity trading at Lehman Brothers. "Rumors like those make people nervous." The Dow Jones industrial average recouped early losses to close down 6.76 at 3,233.03. The index lost 7.03 points for the week. Over-the-counter stocks resumed their rally after stalling Thursday. The Nasdaq Composite gained 2.79 to 637.16. "Advancers overtook decliners by a narrow margin among common stocks on the New York Stock Exchange. Trading, while active, was the lightest since Tuesday, with about 194 million shares changing hands on the Big Board. "The economic news this morning was mostly positive. Retail sales rose 0.9 percent in October, but consumer prices gained 0.4 percent. Meanwhile, the University of Michigan's preliminary consumer sentiment index jumped to 83.6 in November from 73.3 in October. As the day wore on, rumors that President Boris N. Yeltsin of Russia may be ousted made the rounds, checking any optimism that may have been sparked by the economic reports, traders said. Humana skidded 3 1/2 to 20 after the hospital company said it would eliminate future dividends while it restructures. Bred Technologies, a maker of sensors that activate inflation of airbags in automobile crashes, saw its stock get snapped up by investors in the company's initial public offering. Bred closed at 20, up 3 points from its IPO price of \$17, making it one of several IPOs to sell briskly in recent weeks. Tele-Communications leaped 1 1/4 to 19 1/4 on strong third-quarter results reported Thursday. GM gained 3/4 to 31 1/4 following Thursday's meeting with analysts. GM said its North American vehicle operations would break even by late 1993 and hinted it may cut more jobs in the division.

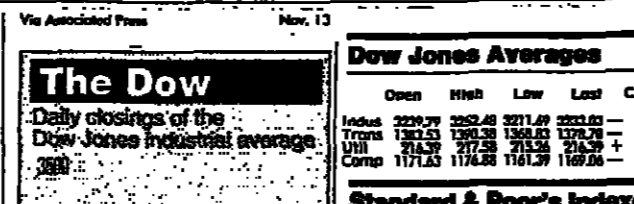


Table with columns: Index, Open, High, Low, Close, Change. Includes Dow Jones Averages, Standard & Poor's Indexes, NYSE Indexes, NASDAQ Indexes, and AMEX Stock Index.

Table titled 'NYSE Most Active' showing volume, high, low, and change for various stocks like American Express, IBM, and General Electric.

Table titled 'NYSE Diary' listing various stocks and their prices, including American Express, IBM, and General Electric.

Table titled 'NASDAQ Diary' listing various stocks and their prices, including Intel, Microsoft, and Sun Microsystems.

Table titled 'AMEX Most Active' showing volume, high, low, and change for stocks on the American Exchange.

Table titled 'AMEX Diary' listing various stocks and their prices on the American Exchange.

Table titled 'NASDAQ Most Active' showing volume, high, low, and change for various stocks on the Nasdaq exchange.

Table titled 'NASDAQ Diary' listing various stocks and their prices on the Nasdaq exchange.

Table titled 'EUROPEAN FUTURES' showing prices for various European futures contracts like DAX, FTSE, and Nikkei.

Table titled 'Standard & Poor's Indexes' showing prices for various S&P index funds and related products.

Table titled 'NYSE Indexes' showing prices for various NYSE index funds and related products.

Table titled 'NASDAQ Indexes' showing prices for various NASDAQ index funds and related products.

Table titled 'AMEX Stock Index' showing prices for various AMEX index funds and related products.

Table titled 'Dow Jones Bond Averages' showing prices for various Dow Jones bond averages.

Table titled 'Market Sales' showing trading volumes for various market segments.

Table titled 'NYSE Odd-Lot Trading' showing trading activity for odd-lot orders on the NYSE.

Table titled 'S&P 100 Index Options' showing prices for S&P 100 index options.

Table titled 'U.S. FUTURES' showing prices for various U.S. futures contracts like soybeans, wheat, and corn.

Table titled 'Grains' showing prices for various grain futures contracts.

Table titled 'Livestock' showing prices for various livestock futures contracts.

Table titled 'Metals' showing prices for various metal futures contracts.

Table titled 'Cattle (CME)' showing prices for various cattle futures contracts.

Table titled 'Food' showing prices for various food futures contracts.

U.S. / AT THE CLOSE

U.S. Aircraft Orders Hit 10-Year Low WASHINGTON (Bloomberg) — Boeing Co. and McDonnell Douglas Corp. received just 13 firm orders for commercial jets in the July-September quarter, the weakest showing since the recession of a decade ago. The report Friday from the Aerospace Industries Association reflected the consolidation going on in the U.S. airline industry and the economic slowdown at home and abroad. Of the 13 orders received in the quarter, 12 were from foreign customers and one was from a domestic carrier. The total price tag was \$1.5 billion.

Shearson Faces Claim Over Dismissal NEW YORK (Bloomberg) — A woman has filed an arbitration claim alleging she was fired by Shearson Lehman Brothers after telling her supervisor she had tested positive for the virus that causes AIDS, and seeking 10 percent of the brokerage's net worth in punitive damages. In a claim filed Thursday with the National Association of Securities Dealers, Annette Rodriguez claimed that Shearson, the securities unit of American Express Co., violated her contract and the Americans with Disabilities Act, invaded her privacy and negligently misrepresented itself. She is seeking \$280,000 in damages as well as punitive damages. Analysts put Shearson's net worth at around \$2 billion.

Waste Management Forms New Unit OAK BROOK, Ill. (Combined Dispatches) — Waste Management Inc. said Friday that it planned to transfer environmental consulting, infrastructure, design and construction operations into a new company, to be called Rust International Inc. Waste Management is to exchange Rust International shares or cash for the 44 percent of Brand Cos. that it does not already own. The cash offer values that stake at about \$190 million. Waste Management's Wheelabrator Technologies Inc. unit would contribute businesses already operated under the Rust name; its SEC Donohue environmental engineering firm, and its international engineering unit, based in London. Chemical Waste Management Inc., another Waste Management unit, would contribute the 56 percent stake in Brand with its own Remedial Services Group unit. Brand shareholders would receive one share of the new company or \$17.875 in cash, the stock's closing price Thursday. The stock was up \$2.625 to \$20.50 on Friday. (Bloomberg, AP)

U.S. Car Sales Drop to 5.6 Million Detroit (Bloomberg) — U.S. sales of North American-made cars skidded to an annual selling rate of 5.6 million in early November from 6.6 million in late October and 5.8 million in the year-earlier period, automakers said Friday. Light-duty trucks, which include minivans, sport-utility vehicles and pickup trucks, sold at an annual rate of 4.7 million in the Nov. 1-10 period, down from 5.3 million in late October and 3.0 million a year earlier. All three of Detroit's major automakers posted double-digit gains in truck sales from a year earlier. The latest annual car-sales rate was depressed by the volume leader General Motors Corp., which posted weaker car sales than analysts had expected. GM's truck sales were stronger than expected, however. Analysts said the drop in car sales showed consumers remain leery about making big purchases.

Wang to Sell Taiwan Subsidiary LOWELL, Massachusetts (AP) — Wang Laboratories Inc. announced Friday that a group of investors would acquire its Taiwan manufacturing subsidiary, part of the computer maker's strategy to slim down as it reorganizes in bankruptcy court. Rong Cheng Investment Co., representing a group of investors who already own 30 percent of Wang Laboratories Taiwan Ltd., will acquire the remaining 70 percent. Also under the proposed deal, Wang will transfer a 49 percent minority interest in its Taiwan sales and marketing subsidiary to the newly independent manufacturing company.

Short-Termism Rules As Selling Hits Dollar

NEW YORK — The dollar fell Friday as players bet on a short-term decline despite fresh data showing some unexpected U.S. economic strength. Bob Hatcher, a corporate trader for Barclays Bank, said dealers sold the dollar after it failed to reach new highs against the Deutsche mark this week. He said most sellers were taking a near-term view, while longer-term players were standing pat. "I think the market is looking for dips in the dollar so they can buy more, in anticipation of an eventual upswing," he said. "In another week we could be climbing again." The dollar fell to 1.5707 DM in late New York trading from 1.5793 on Thursday. It also dropped to 1.4182 Swiss francs from 1.4290 and to 5.3025 French francs from 5.3345. The pound strengthened to \$1.5505 from \$1.5285. Against the yen, however, the dollar was a little higher, at 124.05 yen versus 123.90. "The dollar's late level against the mark was still up nearly a penny from the session low on short-covering late in the day," he said. In London earlier, the U.S. currency ended at 1.5650 DM, down from 1.5870 Thursday, and at 124.03 yen versus 123.95. The dollar recovered only a brief boost from news of a bigger-than-expected 0.4 percent rise in the October U.S. consumer price index and a robust 0.9 percent rise in retail sales, traders said. "The market was looking for fresh incentives to buy the dollar but the incentives weren't there," said Lundy Bank, chief corporate dealer with Bank of Tokyo in London. But Ziggy Zborowski at Bank Leumi said: "As time goes on, lowering European rates will favor the dollar. Eventually, Germany will have to as well." (Reuters, UPI)

POLICY: Clinton's Mix Will Draw on Left and Right

(Continued from first finance page) idea surfaced in less tendentious form Thursday when Mr. Clinton told the press he wanted to divert military spending to creating civilian jobs. One Harvard professor said he thought the new administration would return government to "its traditional public role" in support of education, child care, transport, research and other goals that were cut by the Reagan administration. But despite wanting to use government as a catalyst, Mr. Clinton said the Clintonites "are not arrogant. They no longer are confident that all strings lead to Washington and that you can just pull them and something will happen." So the new strategists should be closer to market principles than their Democratic predecessors. But it would be a mistake to label them supply-side Democrats. That misunderstands both camps. The supply-siders believed in the free market as the dispenser of true wisdom and argued that less government would give private resources and entrepreneurs to enrich themselves, and the nation. This was precisely what Mr. Clinton attacked as "trickle-down economics."

WORLD STOCK MARKETS

Table titled 'Amsterdam' showing stock prices for various companies like AEG, Philips, and Shell.

Table titled 'Brussels' showing stock prices for various companies like AEG, Philips, and Shell.

Table titled 'Frankfurt' showing stock prices for various companies like AEG, Philips, and Shell.

Table titled 'London' showing stock prices for various companies like AEG, Philips, and Shell.

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Table titled 'Sao Paulo' showing stock prices for various companies like AEG, Philips, and Shell.

Table titled 'Singapore' showing stock prices for various companies like AEG, Philips, and Shell.

Table titled 'Stockholm' showing stock prices for various companies like AEG, Philips, and Shell.

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Table titled 'Johannesburg' showing stock prices for various companies like AEG, Philips, and Shell.

Table titled 'Madrid' showing stock prices for various companies like AEG, Philips, and Shell.

Table titled 'Tokyo' showing stock prices for various companies like AEG, Philips, and Shell.

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Table titled 'Milan' showing stock prices for various companies like AEG, Philips, and Shell.

Table titled 'CORN (CBT)' showing prices for various corn futures contracts.

Table titled 'SOYBEAN MEAL (CBT)' showing prices for various soybean meal futures contracts.

Table titled 'SOYBEAN OIL (CBT)' showing prices for various soybean oil futures contracts.

Table titled 'CATTLE (CME)' showing prices for various cattle futures contracts.

Table titled 'FEEDER CATTLE (CME)' showing prices for various feeder cattle futures contracts.

Table titled 'HOGS (CME)' showing prices for various hog futures contracts.

Table titled 'PORK BELLIES (CME)' showing prices for various pork bellies futures contracts.

Table titled 'SHEEP (CME)' showing prices for various sheep futures contracts.

Table titled 'CATTLE (CME)' showing prices for various cattle futures contracts.

Table titled 'CATTLE (CME)' showing prices for various cattle futures contracts.

Table titled 'METALS' showing prices for various metal futures contracts.

Table titled 'SILVER (COMEX)' showing prices for various silver futures contracts.

Table titled 'GOLD (COMEX)' showing prices for various gold futures contracts.

Table titled 'COTTON (NYCE)' showing prices for various cotton futures contracts.

Table titled 'HEATING OIL (NYMEX)' showing prices for various heating oil futures contracts.

Table titled 'INDUSTRIALS' showing prices for various industrial futures contracts.

Table titled 'GOLD (COMEX)' showing prices for various gold futures contracts.

Table titled 'SILVER (COMEX)' showing prices for various silver futures contracts.

Table titled 'COTTON (NYCE)' showing prices for various cotton futures contracts.

Table titled 'HEATING OIL (NYMEX)' showing prices for various heating oil futures contracts.

Large advertisement on the right side of the page, partially obscured and containing various text and graphics, including the word 'Losses' and 'Investment'.



AMEX Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: High, Low, Stock, Div, Yld, PE, High, Low, PA, Div, Yld, PE. Lists various stocks like AIG, ALC, AOD, etc.

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Singapore Faces Obstacles... SINGAPORE - A strong rebound in the stock market... The government... Singapore's economy...

Advertisement for TIME magazine featuring a portrait of a man and the text 'He keeps only what he can use.' Includes 'TIME' logo and 'THE WORLD'S NEWSMAGAZINE'.

NYSE Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: High, Low, Stock, Div, Yld, PE, High, Low, PA, Div, Yld, PE. Lists various stocks like AIG, ALC, AOD, etc.

Table with columns: High, Low, Stock, Div, Yld, PE, High, Low, PA, Div, Yld, PE. Lists various stocks like AIG, ALC, AOD, etc.

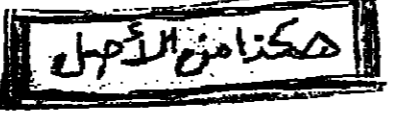
Table with columns: High, Low, Stock, Div, Yld, PE, High, Low, PA, Div, Yld, PE. Lists various stocks like AIG, ALC, AOD, etc.

NASDAQ Friday's Prices

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: High, Low, Stock, Div, Yld, PE, High, Low, PA, Div, Yld, PE. Lists various stocks like AIG, ALC, AOD, etc.





# Singapore Upturn Faces Obstacles

SINGAPORE — A strong rebound in key sectors of Singapore's economy has ended six quarters of slowdown but policymakers still face steep hurdles to achieving long-term stable growth, economists said Friday.

The government announced that Singapore's gross domestic product grew by a real 5.6 percent, year-on-year, in July-September, against 4.7 percent growth one quarter earlier. It predicted more than 6 percent growth in the last quarter.

"The third-quarter growth is above our expectations," said Ong Nai Piew, economist heading the research team at the BZW-Pacific Union brokerage. "The economic outlook appears quite good in the short-term. Our biggest worry is long-term development of the financial sector and a broad-based manufacturing sector."

The government now forecasts growth for the whole of 1992 at around 5.5 percent and for next year at 5 to 6 percent. Most economists expect 1993 growth to exceed 6 percent.

The rise in July-September, the first quarter in which the growth rate improved since it fell to 7.6 percent in the first quarter of 1991 from 8.0 percent, was largely due to an upsurge in electronics output and a robust increase in offshore loans and turnover on the foreign-exchange market.

"The worst is definitely over," said Nicholas Kwan, a regional economist at Merrill Lynch. "Singapore seems to have achieved a soft landing but the manufacturing sector is reliant too much on electronics."

In the latest quarter, production of petroleum products fell by 11 percent, paints, pharmaceutical and other chemical products by 9.8 percent, machinery by 3.9 percent, and industrial chemicals and gases by 13.8 percent.

Output of electronics, about one-third of total manufacturing, rose by 13.9 percent in the third quarter, after a 2.8 percent rise in the second and a 6.6 percent fall in the first.

Growth in the financial sector, another key component of the economy, rose to 5.8 percent, against a rise of 3.1 percent in the second quarter and fall of 0.3 percent in the first.

Average daily turnover on the foreign-exchange market in Singapore, the world's fourth-largest, exceeded \$90 billion in the quarter, up from \$82 billion in the previous quarter and \$76 billion for the whole of 1991.

Total assets of Asian Currency Units, the measure of offshore lending, rose by 5.5 percent year-on-year in July-September.

# Slowdown Spurs Boom In Failures

TOKYO — The dead hand of Japan's economic slump is killing more firms now than the lingering hangover from plunging stock and land prices, economists said Friday.

The number of bankruptcies involving debts of more than 10 million yen (\$80,700) totaled 1,293 in October, the highest number since December 1986, according to Tokyo Shoko Research. The total was up 7.8 percent from September and up 20.1 percent from October 1991.

The companies left debts worth 796.33 billion yen, up 39.5 percent from September but down 0.9 percent from a year ago.

"The recession continues to claim a large number of manufacturing, construction and other firms not directly touched by the bursting of Japan's inflated asset and stock prices," said Kazuaki Kusaka, an analyst at the research outfit. Until this year, he said, bankruptcies had hit mainly the real estate and financial sectors.

In October, 53.5 percent of all bankrupt companies cited the economic slump as the main reason for their failure, up from 41.1 percent in October 1991, Tokyo Shoko said.

Teikoku Data Bank, which reported similar bankruptcy figures, said the construction industry accounted for 22.9 percent of failures in October, while the manufacturing and wholesale industries represented 18.6 percent and 30.0 percent.

# Japan Steel: No Relief in Sight

TOKYO — Japan's five biggest steel companies announced Friday that pretax profits plunged by an average of 75 percent in the financial first half and said there was no end in sight to the industry's hard times.

"Very few people expected the steel industry or the economy to decline quite so quickly and quite so heavily," said Stephen Wolfe, senior analyst at Baring Securities (Japan).

The biggest blow to the five companies — Nippon Steel, Kawasaki Steel, NKKK Corp., Kobe Steel and Sumitomo Metal Industries — was the weakness of demand from key domestic customers: auto producers and construction firms.

The global economic slowdown also has eroded demand from abroad, increasing pressure on the companies to close plants, reduce staff and streamline operations.

In the first half ended Sept. 30, Japan's crude steel production fell 12.6 percent from a year earlier to 48 million metric tons, leaving half-year production short of 50 million tons for the first time since 1987.

Manufacturers say demand has fallen so fast that production cuts have not been able to keep up and the unsold steel is piling up.

"At this point we can't see any sign of a recovery," said Takao Kusumata, vice president of Nippon Steel, the world's largest steelmaker.

## 'The government just can't leave the situation unattended.'

Masahiro Kumamoto, Kobe Steel.

"It will probably be spring before we get an idea of when things are going to start looking better."

Nippon Steel's pretax profit fell 74.3 percent to 14.1 billion yen (\$114 million) in the first half.

Profit dropped 75.4 percent at Kobe Steel to 7.1 billion yen, plummeted 84.0 percent at Kawasaki Steel to 4.0 billion, was off 55.1 percent at NKK at 6.3 billion, and tumbled 85.1 percent at Sumitomo Metal Industries to 2.3 billion.

Kobe cut its earnings forecast for the full year to 14 billion yen from 22 billion previously. It said it was hard hit by declines in capital spending and personal consumption and a sluggish stock market.

In a typically Japanese approach to hard times, Nippon Steel and Kawasaki Steel recently transferred dozens of workers to assembly lines at Toyota Motor, a long-time customer.

"Inventory levels aren't coming down very quickly," said Kenzo Monden, a vice president at Kawasaki Steel. Exports are falling while competition from South Korea is getting stiffer, he said.

Two government plans to stimulate Japan's economy by increasing public-works spending have given the steel companies some reason for hope. But the increase in government orders for construction steel have not been enough to offset the slump in demand from the private sector, which analysts estimate accounts for 40 percent of demand.

"The government just can't leave the situation unattended," said Masahiro Kumamoto, senior managing director of corporate planning at Kobe Steel. He said Kobe would speed up plans to reduce staff by 40 percent.

(Bloomberg, AFP)

## Investor's Asia

Table showing stock indices for Hong Kong, Singapore, and Tokyo. Includes columns for Exchange, Index, Friday Close, Prev. Close, and % Change.

Sources: Reuters, AFP International Herald Tribune

## Very briefly:

- World Bank President Lewis Preston said talks with Indian leaders convinced him New Delhi's reforms were on track, newspapers said.
Allied Industries International and Sanyo Manufacturing shares were suspended on the Hong Kong stock exchange pending an announcement; both are units of the Malaysian businessman Lee Ming Tee's Allied Group, which the government is investigating over a series of asset sales.

## Taiwan Firm Seeks Steel Partners

TAIPEI — An Feng Steel Co. said Friday that it would seek foreign partners to build Taiwan's first private integrated steel mill. The company declined to disclose financial details but the Economic Daily News said the project would cost \$2.5 billion Taiwan dollars (\$3.2 billion), making it one of the island's largest private investments.

## TRADE: Japan Sees Role for Businessmen in Talks

(Continued from first finance page)
ments to be forgotten. The talks resulted in Tokyo's agreeing to ease restrictions on opening large-scale retail outlets and pledging to spend 430 trillion yen (\$3.5 trillion) on infrastructure over 10 years. But they did little to suppress Japan's trade surplus, which in the first 10 months of 1992 alone totaled \$88.3 billion, eclipsing the previous full-year record of \$82.74 billion set in 1986.

Mr. Okamatsu said Friday that the surplus would rocket beyond \$130 billion in the fiscal year ending March 31, and would remain above \$100 billion the following year. The main cause, he said, was the sluggishness of the Japanese economy, which had slackened demand for imports.

The appointment Thursday of a Harvard professor, Robert B. Reich, to head Bill Clinton's economic transition suggests the new administration is likely to reject the theoretical premise of SII. Mr. Reich has argued that public investment holds the key to industrial competitiveness.

Yet, if an overhaul of Japan's structure is dropped from the bilateral agenda, along with its free-trade ideological underpinnings, a U.S. administration determined to reduce the trade imbalance may have little choice but to embrace a more openly managed trade with Japan, with government's trying to enforce market shares and trade flows by diktat.

"I don't expect Mr. Clinton to take an explicitly managed trade policy," Mr. Okamatsu said. "But we must see who takes what positions."

## Profits Fall at Honda, Mazda

TOKYO — Honda Motor Corp. and Mazda Motor Corp. on Friday reported steep earnings declines for the first half of the business year and blamed themselves for more tough times in the months ahead.

Honda, the world's largest motorcycle manufacturer and the only Japanese carmaker to sell more cars in the United States than in Japan, said its consolidated net profit fell 38.9 percent year-on-year to 26.4 billion yen (\$213 million) in the six months to Sept. 30.

"The second half of the year will likely be more severe than the first," said Yoshihide Munezumi, a vice president of Honda.

Honda said it was slashing its net profit forecast for the business year ending March 31 by 31.2 percent to 41.3 billion yen and its sales forecast to 4.24 billion yen from 4.45 billion yen due to uncertainty about the health of the Japanese and U.S. economies.

Mazda, the smallest of Japan's major automakers, said its parent net profit fell 85.4 percent year-on-year to 621 million yen in the six-month period. For the full year, Mazda expects net profit will total 3.5 billion yen for a decline of 62.3 percent.

"We are pessimistic about our performance in the latter half of this fiscal year," said Keichiro Yoshikawa, general manager of the financial management division at Mazda, which is owned 24.5 percent by Ford Motor Co.

For all of Japan's 11 automakers, 1992 has been severe. The automakers were expecting the domestic automobile market to rebound this summer. Now they think sales

## Astra Stake Sold For \$195 Million

JAKARTA — Two deals on the Jakarta stock exchange on Friday totaling 40 million shares in the PT Astra International conglomerate, for about 40 billion rupiah (\$195 million), fueled speculation that its family owners had sold a major stake to Toyota Motor Corp.

In Tokyo, Toyota said it was considering whether to buy a stake. Astra officials did not comment. There are 242 million Astra shares.

Astra has said the Soerjadi family, which owns 76 percent of Astra, would sell some of its holdings to cover losses in another family company. Toyota owns 51 percent of PT Toyota Astra Motors, a car assembler that provides the bulk of Astra's income.

Honda's group operating profit dropped 35.2 percent to 65.6 billion yen. In addition to falling revenues, the company's profits on exports suffered from a 10-year increase in the value of the yen against the dollar, Mr. Munezumi said.

Mazda, which has been restructuring its business with Ford's help, said its sales rose 2.2 percent to 1.13 trillion yen in the first half of the year.

## NASDAQ

Friday's Prices
NASDAQ prices at 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Main table containing NASDAQ stock price data, including columns for stock symbols, prices, and other market indicators.

SPORTS FOOTBALL

Mysterious Deaths Of Horses May Be Insurance Scams

The Associated Press

NEW YORK — As many as 40 owners, trainers, veterinarians and riders have been involved in plots to kill thoroughbreds and show horses in order to collect insurance money, according to a report in Sports Illustrated.

Agents of the FBI, the Internal Revenue Service and the Bureau of Alcohol, Tobacco and Firearms are conducting investigations into the schemes and indictments are expected, the magazine said.

The report, which appears in the Nov. 16 issue, also raises questions about the injury that led to Alydar being humanely destroyed two years ago. Alydar, the runner-up to Affirmed in all three 1978 Triple Crown races, later became one of racing's best sires.

The report details how horses were electrocuted by Tommy Burns, known in the horse industry as the Sandman because when he was around, a horse would be put to sleep. Death by electrocution is difficult to detect, according to veterinarians at the University of Pennsylvania's New Bolton Center, one of the nation's major animal hospitals. Usually, the magazine said, electrocuted horses were assumed to have died of colic.

Burns faces sentencing Dec. 14 in the death of Streetwise, a 14-year-old horse who died after suffering a broken leg in his stall. Burns and Harlow Arlie, who Sports Illustrated said used a crowbar to break the horse's right rear leg, were apprehended by investigators for the Florida Department of Agricultural and Consumer Services shortly after the death of Streetwise. Arlie pleaded guilty to charges of insurance fraud and cruelty to animals, serving six months of an 18-month sentence before being paroled.

SI said Streetwise's death was ordered by the horse's owner, Donna Brown, to collect a \$25,000 insurance policy. Because the animal had a history of colic, the insurance policy did not cover that condition and so, the magazine said, Brown insisted the leg be broken.

In the 21 months since Burns and Arlie were arrested, investigators have developed hard evidence that such crimes are widespread. Part of the reason may be the 1986 Tax Reform Act that estimated performance horses as depreciable assets, making hefty insurance payoffs appealing alternatives.

Harvey Feintuch, a New York lawyer who specializes in investigating equine insurance claims, said, "We have had a very significant increase in the number of claims that just don't look right."

Alydar was humanely destroyed Nov. 15, 1990, after Calumet Farm said he kicked his stall so hard that he shattered his right hind leg. But that is an unusual way for a horse to break one of the strongest bones in its body, and Calumet's subsequent slip into bankruptcy caused some observers to question the death of the horse, who was insured for \$36.5 million.

SI said that, according to court records, Calumet owed \$120 million and that the farm's president, J.T. Lundy, had sold or bartered away many of Alydar's lifetime breeding rights. Because of that, the stallion's projected cash income for 1991 had dropped to about \$7 million, of which \$2 million would have gone for insurance payments.

With Calumet \$2.6 million behind in total premium payments, one insurer had said it would not renew its \$5 million policy on the horse in December. Barred from selling Alydar by the will of the farm's former owner, Lucille Markey, Lundy's quickest source of income was the \$36.5 million in policies on the horse, SI said. Of that, \$15 million went to owners of breeding seasons in Alydar, \$20.5 million to First City Bancorporation of Houston to pay off debts, and just \$1 million to Calumet.

Despite the insurance income, Lundy lost Calumet the next year. The farm was sold at auction for \$17 million to owner-breeder Henryk de Kwiatkowski. Included in the sale was Calumet's cemetery where Alydar's remains are buried.



GOING, GONE — Chris Morris of the NBA's New Jersey Nets chased a ball into the crowd as the Minnesota Timberwolves won, 88-84. Drazen Petrovic, who had 27 points, led the Nets back from a 19-point deficit but Chuck Person's clutch 17-footer with seven seconds to play ruined Chuck Daly's home coaching debut.

Jets May Cage Bengals

New York Times Service

**BENGALS (4-5) at JETS (2-7)**

Key stat: Bengals rank last in AFC pass defense but third in rushing offense; Jets' Brad Baxter averages 5.1 yards per carry and kicker Gary Blanchard is 10-for-12 in field goals. Comment: Bengals shocked the Bears in overtime last week and won their second straight game after five straight losses. But the Jets have enough offense to burn Cincinnati's defense, and the New York defense will diminish the Bengals' offensive threats. The Jets are favored by 6 points.

**LIONS (2-7) at STEELERS (6-3)**

Key stat: Lions have been hammered in rushing yards, 1,115 to 756, and have been out-sacked by their opponents, 33 to 11; Steelers

threats. The game turns on turnovers, which the Chiefs force with big hits. Their victory over visiting Philadelphia earlier this season prepares them for another NFC muscle team, Chiefs by 1.

**RAMS (3-6) at COWBOYS (8-1)**

Key stat: Rams have lost 12 straight road games; Cowboys have won 11 straight at home and receiver Michael Irvin averages 20.3 yards per catch followed by Alvin Harper's 18.4. Comment: Dallas rolls to its ninth victory with ease, able to dominate the Rams in every facet of this game. Cowboys' quarterback Troy Aikman looks to improve on his touchdown pass/interception ratio, which is 11/11. Cowboys by 14.

**SAINTS (7-2) at 49ERS (7-2)**

Key stat: Saints' offense helped team score 30, 23, and 31 points in last three games, all victories; 49ers won in New Orleans in Week 4, 17-10. Comment: Don't be fooled by the Saints' offensive improvement. In a four-game stretch preceding the last three, they did not muster more than 13 points in any of those games. The major improvement came against Phoenix, Tampa Bay and New England, hardly defensive powers. But the Saints' defense won't let the 49ers shoot from the hip, either. 49ers by 6.

**SEAHAWKS (1-8) at RAIDERS (3-6)**

Key stat: Seahawks have scored a league-low 56 points; Raiders are minus 15 in turnover differential. Comment: Jay Schroeder again starts at quarterback. Raiders' fourth quarter-back change in 11 games. It won't matter against Seattle, which has been outscored this season by a total of 118 points. Raiders by 13.

**BEARS (4-5) at BUCCANEERS (3-6)**

Key stat: Bears have won 17 of 19 against Tampa Bay and their coach, Mike Ditka, is 17-7-3. Comment: Running back Reggie Cobb has six rushing TDs. Comment: Darren Lewis gets the start over Neal Anderson at tailback as Ditka shuffles his starting lineup on both sides of the ball in an effort to jolt his slumping club. Lewis will get 100 rushing yards as Chicago continues its mastery in this series. Bears by 3.

**GIANTS (5-4) at BRONCOS (6-3)**

Key stat: Giants' run/pass ratio is 279/244; Broncos' run/pass ratio is 213/255. Comment: The Giants' chief hope is to keep the ball on the ground and way from John Elway and the Denver offense. But Denver will play run first, and then Elway will go deep over the middle, where the game will be won. Broncos by 3/2.

**BILLS (7-2) at DOLPHINS (7-2)**

Key stat: Bills are 27-1 when Thurman Thomas rushes for 100 yards; Dolphins dominated in Buffalo in Week 5, 37-10. Comment: First place in the AFC East is up for grabs Monday night, and the Bills, accustomed to being there in the last few seasons, must fight a noisy crowd besides the Dolphins to recapture the top spot. But the Bills will turn the tables, winning at Miami in a divisional tussle long from over even after this game. Bills by 1.

NFL MATCHUPS

Barry Foster needs 58 rushing yards for 1,000. Comment: Detroit appears to have given up on the season. Pittsburgh rallied at Buffalo last week but fell short. It rebounds nicely with four straight games that follow against teams now with losing records — Indianapolis, at Cincinnati, Seattle and at Chicago. Steelers by 2/2.

**OILERS (5-4) at VIKINGS (7-2)**

Key stat: Oilers managed only 14 points in loss to Cleveland, their season-low; Vikings have forced 23 turnovers but have committed 19. Comment: Houston is sagging with consecutive divisional losses vs. Pittsburgh and Cleveland. Minnesota's running game, led by quarterback Rich Gannon's nifty scrambles, is solid enough to keep the ball away from the Houston offense. And when Houston has the ball, the Minnesota defense is stout enough to keep getting it back. Vikings by 5/2.

**PATRIOTS (8-9) at COLTS (4-5)**

Key stat: Patriots have one rushing touchdown and have allowed eight, and have registered 9 sacks compared with 42 allowed; the Colts' kicker, Dean Bissacco, is only 5-of-12 in field goals. Comment: The Colts were shut out last week by Miami, but the Patriots have been shut out in the win column all season. Former Maryland quarterback Scott Zolak makes his first start for New England, and even against the Colts will be under relentless pressure. Colts by 7.

**EAGLES (6-3) vs. PACKERS (3-6)**

Key stat: Game in Milwaukee; Eagles' quarterback Randall Cunningham still has twice as many touchdowns passes (12) as interceptions (6); Packers' receiver Sterling Sharpe leads the NFL with 61 catches. Comment: Packers' quarterback Brett Favre is overmatched against the Eagles' physical defense. Cunningham makes his return as starter against the team that last year in the season-opener for both teams ended his year with a knee injury. Eagles by 8/2.

**CARDINALS (3-6) at FALCONS (3-6)**

Key stat: Cardinals' kick returner Johnny Bailey is averaging 27 yards per return; in 46 passes, Falcons' quarterback Billy Joe Tolley has a long completion of 74 yards. Comment: Atlanta outgained San Francisco 304 yards to 303 in a 41-3 loss Monday night, but six turnovers and terrible field position helped produce the rout. Phoenix has won two straight but won't score the Falcons in the Georgia Dome. Against Phoenix, Tolley will connect deep. Falcons by 2/2.

**CHARGERS (4-5) at BROWNS (5-4)**

Key stat: Chargers' running back Ronnie Harmon leads his team in receptions with 42; Browns are plus nine in turnover differential. Comment: Cleveland is fresh off an impressive victory in Houston, while San Diego suffered a last-second loss in Kansas City. The Chargers will be hungry; expect an upset because their defense will match Cleveland's while their offense will surpass the home team's. Browns by 1/2.

**REDSKINS (6-3) at CHIEFS (5-4)**

Key stat: Redskins' Mark Rypien does not rank among the top 10 quarterbacks in the NFL; Chiefs are 4-1 at home. Comment: The Redskins' offense continues to struggle and needs a team starved for more national attention and respect and prepared to earn both. Both teams like ball-control offenses, though the Redskins have more big-play passing

These matchups were written by Thomas George of The New York Times. Odds were provided by Harrah's of Las Vegas.

Texas A&M Slips By Houston to Stay Unbeaten

The Associated Press

HOUSTON — The spotlight was on Texas A&M, and the Aggies managed only a dim performance.

Playing before a national television audience Thursday night, the fourth-ranked Aggies remained one of only three unbeaten and untied teams, but they failed to put away an out-matched Houston squad.

Greg Hill had third-quarter touchdown runs of 10, 9 and 4 yards that finally shut off Houston's upset bid and rallied the Aggies to a 38-30 victory. The Aggies (10-0 overall, 5-0 in the Southwest Conference) won their 19th consecutive regular-season game and stayed with No. 1 Miami (8-0) and No. 2 Alabama (9-0) as the only major colleges with unblemished records.

Texas A&M didn't get its first lead until 3:41 remained in the third quarter when Hill skirted the right side for a 9-yard touchdown on a drive keyed by a 32-yard pass from Corey Pullig to Tony Harrison.

A&M's improved passing game helped put the Aggies in control on the next series when Pullig, a freshman, threw a 39-yard pass to Brian Mitchell at the Houston 4 and Hill scored his third touchdown on the next play.

But the Cougars didn't go quietly. Jimmy Klingler completed a 73-yard touchdown pass to Ron Peters with 7:02 to play. And after a 95-yard kickoff return by A&M's Billy Mitchell set up a 1-yard Rodney Thomas touchdown, Klingler found Peters again for a 42-yard touchdown with 4:09 remaining, making it 38-30.

A final Cougars drive ended on downs near midfield with about 30 seconds left.

Tennessee to Buy Out Majors

The University of Tennessee will buy out the remainder of Johnny Majors' contract as foot-

ball coach and end the longest consecutive coaching streak in school history at 16 years, according to Tennessee newspaper reports quoted by The Associated Press.

The Knoxville News-Sentinel and The Tennessee of Nashville reported Friday that the Majors era will conclude at the end of the season.

The Tennessee said university officials have agreed to pay Majors \$600,000 to buy out the remaining two years of his contract, which would leave the university liable for only his base salary of \$96,000 a year.

Both papers said Majors has agreed to the deal.

Majors will coach the Vols the remaining three games of the season, the reports said.

One source told The Tennessee that the primary reason for the move was not the Vols' three straight losses were but a "compilation of things over the course of several years."

If Life Is Miserable, Then Go to Coahoma

The Associated Press

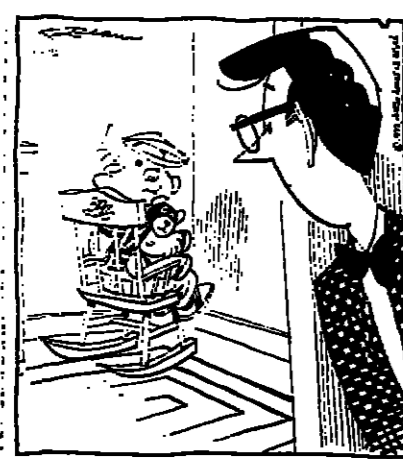
JACKSON, Mississippi — It was a memorable year, 1985, at Coahoma Junior College. The year its football team last won.

Since, the Tigers have taken the field 78 times, and 78 times have lost. The National Junior College Athletic Association does not keep futility records but "I don't know of anyone losing that many," said its director, George Kilian.

The streak began with a 61-0 rout by Mississippi Gulf Coast Community College on Sept. 14, 1985, and now is 0-77-1 — an 0-10 record every season except 1988, when the Tigers managed a 14-14 tie. The 10 games this season were lost by an average of 47-7.

But there is hope says the athletic director, George Green, because at Coahoma "you don't lose 'em until you play 'em."

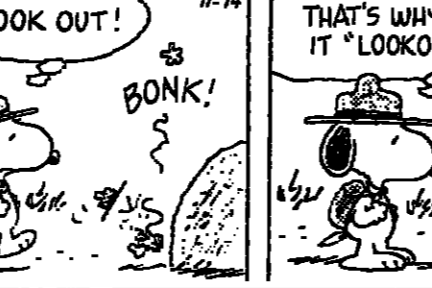
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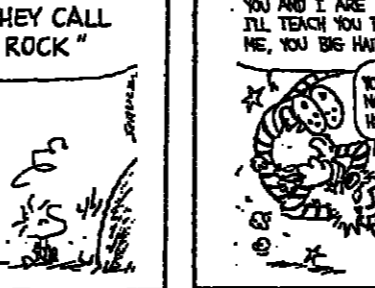
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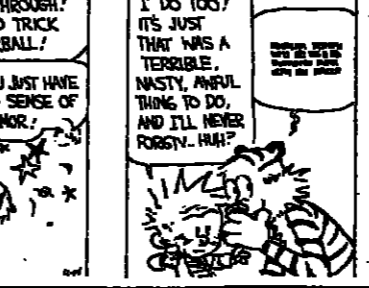
CALVIN AND HOBBS



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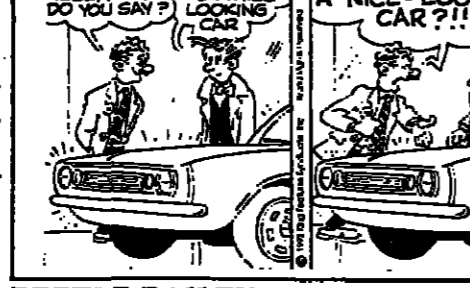
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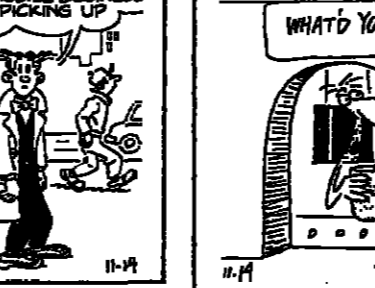
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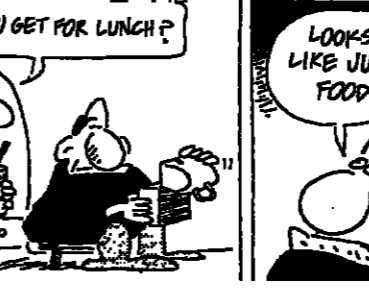
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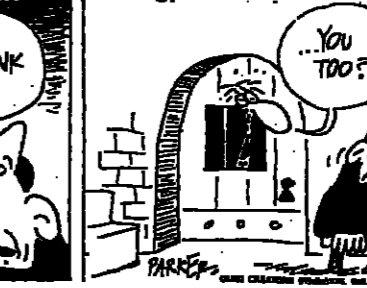
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SPORTS CRICKET

In South Africa and Japan, They Are Just Wild About 2 'New' Sports

With Indian Team's Visit Cricket Fever Grips Nation

Agence France-Press
DURBAN, South Africa — If sport was meant to bring nations and people closer, India's cricket tour of South Africa is breaking new ground.

Batting prodigy Sachin Tendulkar and star all-rounder Kapil Dev top the popularity charts. But others, like the team captain, Mohammad Azharuddin, the debutant Ravi Shastri and wicket-keeper Kiran More have their own fan following.

India's Day

The Associated Press
DURBAN, South Africa — South African captain Kepler Wessels hit a century Friday, but India's bowlers then grabbed four wickets for 32 to undermine the host team in the first official test between the countries.

"I did it, I did it," Rashida Patel, a 17-year-old Durban schoolgirl, exclaimed proudly to her friend after planting a kiss on More's cheek during the motorcade ride from the airport to the city center on Nov. 10.



Kepler Wessels hit a century but South Africa fared less well on the opening day against India.

Women's Rugby Sweeps Land of Geishas

By Christine Casatelli
Special to the Herald Tribune

KYOTO, Japan — In Osaka Prefecture's northeastern city of Hirakata, women and girls gather each Sunday morning not to learn the tea ceremony or to rehearse the koto, but to practice rugby.

to travel to Nagoya to play 15-a-side rugby because it's faster, tougher and more exciting than the mini-rugby that was available in Osaka.

club members to the national team that will go to the Netherlands in 1994 to challenge the defending champion American Eagles and teams from other countries in the second Women's Rugby World Cup.

Howe's a Winner, Tampa Bay Sues

New York Times Service

NEW YORK — Steve Howe's troubled career has taken another twist with George Nicolaou, baseball's arbitrator, overturning the lifetime ban imposed because of Howe's repeated problems with drugs.

The Associated Press

TAMPA, Florida — A claim for \$3.5 billion in damages has begun the blizzard of lawsuits promised by Tampa Bay's jilted ownership group, challenging baseball's refusal to release the San Francisco Giants.

The Associated Press

The American, who plays for Iraklis Salonika, was arrested Wednesday after his arrival from New York. Police said they found 11 grams of hashish and two grams of cocaine in his luggage.

airports and banquets as if they belong to another world — or, like "animals in a zoo," as one Indian player put it.

"I believe in forgetting and forgiving the past," he said. "In the days of apartheid, I would have supported India. But now with the new, changing South Africa, I consider myself 100 percent South African."

SCOREBOARD

Table containing NHL Standings and Basketball NBA Standings. Includes columns for teams, wins, losses, and points.

SIDELINES

Burt Is Released From Greek Jail

SALONIKA, Greece (AP) — Former NBA guard Steve Burt was released from custody Friday, three days after he was arrested on drug possession charges.

TRANSACTIONS

BASEBALL
ALL-Star Game, pitcher, reinstated from drug suspension by arbitrator George Nicolaou.

CRICKET

FIRST TEST/FRIDAY DAY
South Africa 1st innings: 215-7

For the Record

The Club Champions Cup semifinal between CSKA Moscow and Glasgow Rangers has been moved by UEFA to Santander, Spain because of the onset of winter in Russia.

- Transition in the U.S.
GATT negotiations
Slaughter in Sarajevo
Mideast Peace Talks
Maastricht Ratification
Reform in China

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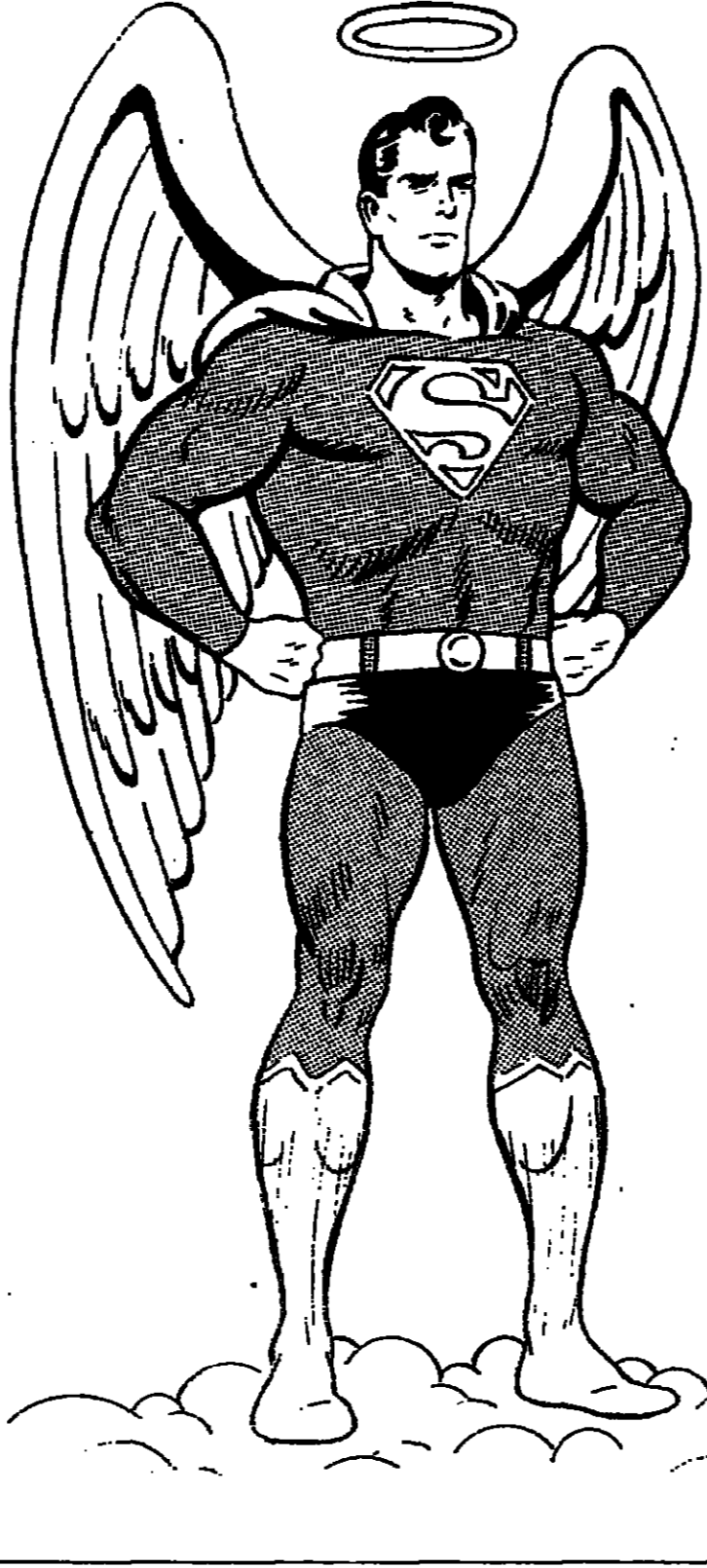
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Subscription form for the International Herald Tribune. Includes fields for name, address, city, and country, and a section for payment preferences.

DAVE BARRY

The Burglar Alarm

M IAMI — The man was standing right outside our master bathroom. He couldn't see Beth and me, standing in the hallway, but we could see him clearly. His face was covered with a stocking mask. He was dressed all in black, and he had a black plastic bag stuck in his back pocket. He was using a screwdriver to open our sliding glass door. You always wonder what you're going to do in a situation like this. Run? Fight? Wet your pants? The man outside our house jerked the screwdriver sideways and opened the door. Just like that, he was inside our house, maybe six feet from Beth and me. Then he saw us. For a moment, nobody says. "CUT!" yelled the director. As you have guessed, Ozzie wasn't a real burglar. He was part of a production crew that was using our house to shoot a promotional video for the company that installed our burglar alarm. Around here it's standard procedure to have burglar alarms in your house, your car, your workplace, and, if you've had expensive dental work, your mouth. I like having an alarm in our house, because it gives me the security that comes from knowing that trained security personnel will respond instantly whenever I trigger a false alarm. I do this every day at 6 A.M., when I get up to let out our large main dog, Earnest, and our small emergency backup dog, Zippy. I'm always in a big hurry, because Zippy, being about the size of a hairy lima bean (although less intelligent), has a very fast digestive cycle, and I need to get him right outside. So I fall out of bed, barely conscious, and stagger to the back door, where both dogs are waiting, and I open the door and BWEEP-BWEEP-BWEEP. I realize that I have failed to disarm the alarm system. Now I have a problem. Because within seconds, the voice of the Cheerful Lady at the alarm company is going to come out of the control panel, asking me to identify myself, and unless I give her the Secret Password, she's going to cheerfully notify the police. So I stagger quickly over to the panel. But this leaves Earnest and Zippy alone on the patio. Theoretically, they can get from the patio to our backyard all by themselves. They used to be prevented from doing this by a screen enclosure around the patio, but thanks to Hurricane Andrew, most of this enclosure is now orbiting Earth. The hurricane did NOT blow away the screen door, however. It's still standing there, and the dogs firmly believe it's the only way out. So — I swear I'm not making this up — instead of going two feet to the left or right, where there's nothing to prevent them from simply wandering out into the yard, they trot directly to the door, stop, then turn around to look at me with a look that says, "Well? " "GO OUTSIDE!" I yell at them as I lunge toward the alarm control panel. "THERE'S NO SCREEN ANYMORE, YOU MORONS!" "I beg your pardon?" says the Cheerful Alarm Lady, because this is not the Secret Password. "Bark," says Earnest, who is trotting back toward the house, in case I am telling her that it's time to eat. "Grunt," says Zippy, as his internal digestive timer reaches zero and he defecates on the patio. We do this almost every morning. We're very dependable. In fact, if some morning I DIDN'T trigger a false alarm, I think the Cheerful Alarm Lady would notify the police. "You'd better check the Barry residence," she'd say. "Apparently something has happened to Mr. Barry. Or else he's strangling one of his dogs." So the alarm people have been very nice to us, which is why we let them use our house for the video. It has a great Action Ending, wherein Ozzie runs out our front door, and an armed security man drives up, screeches to a halt, leaps out, puts his hand on his gun and yells, "FREEZE!" This is Ozzie's cue to freeze and look concerned inside his stocking. They shoot this scene several times, so there was a lot of commotion in our yard. Anyway, the point is that our house is well protected. The alarm system is there in case we ever need it, which I doubt we will, because — thanks to Zippy — only a fool would try to cross our patio on foot. Knight-Ridder Newspapers



Life After Death For Superman

NEW YORK — Death comes to the man of steel? Says Camille Paglia, the author of "Sex, Art and American Culture," "Superman is the greatest symbol of Western masculinity — a very public, glossy, gleamingly hard-edged, hyper-masculine figure." He's been defending truth, justice and the American Way since 1938, so it hardly seems possible that he could die, but it's true. In the much-publicized issue No. 75 of "Superman Comics," which goes on sale Wednesday, the patriot from Krypton will expire at the hands of a supervillain named, aptly, Doomsday. Of course, the world of comic books is not bound by immutable laws of nature. Mike Carlin, the editor of "Superman" at DC Comics, hedges matters nicely. "We don't really know what death means to a Kryptonian," he says. He no doubt: Like Speedoek Holmes, J. R. Ewing and the Terminator, Superman will be back — the only question is how. DC's writers and artists are already hard at work on the solution. Meanwhile, a cross section of imaginative types were asked how they would resurrect Superman. Here are some of their scenarios. Cheri and Bill Steinkeller and Phoebe Setton, executive producers of the TV series "Lois," "What nobody knows is that during all those long months Superman spent in the Fortress of Solitude, he has been studying with a Zen master to learn how to slow his heartbeat to one beat per minute in preparation for that shocking moment when he will burst forth from his closed casket and scream, 'Surprise, Lois,' thus revealing that unique Kryptonian sense of humor no one really wanted to know about." Leonard Katzman, producer of "Dallas," "Well, if an idea works once, it works twice. Obviously Lois Lane has had a bad dream. She walked into the shower and there's old Clark, soaping up. She tells him she had this terrible nightmare that there was this superbad guy who killed him, and Clark just laughs it off. Then they go on to live happy and fruitful lives." Sam Hanna, screenwriter for "Batman," "My idea for reviving the Man of Steel would necessitate creating a tragic end that would smack of Saturday-afternoon serial hokum, where, weakened by kryptonite, Superman is locked in a car speeding toward a deadly precipice. The car plummets over the cliff and explodes in a ball of fire on the rocks below. Months

later, after sufficient interest has been built up, we reveal the 'truth' that he didn't die at all, but instead managed to elude the grim reaper by having rolled free of the doomed vehicle just as it hurtled over the edge of said cliff, having been rendered a helpless amnesiac by said 'trauma.' Stan Lee, creator of Spiderman and publisher of Marvel Comics: "Superman really dies. He really stays dead! Yet he returns! How? Neither Superman nor the reader knew that Lois Lane was pregnant. Shortly after our hero's death, Lois gives birth to Clark Kent Jr., the image of his father. The baby's Kryptonian blood, combined with Lois' human blood, creates a unique biological phenomenon — it causes young Clark Kent to reach full maturity in a matter of hours, possessed of the same superpowers as his late father. Thus, he has someone who looks like Superman and has both the name and the powers of Superman. Ergo, Superman lives again. However, he's so angry at DC for killing him off that he goes to work for Marvel Comics, where he lives happily ever after." Mark Leyner, author of "Et Tu, Babe": "Superman's stem cells will doubtless have been stored somewhere by the Pentagon or some biotech company, so rather than trying to repair damaged goods, we should simply grow another Superman in a combination petri dish/teflon mold. Then he should be put on a kryptonite-reinforced, caged treadmill and forced to run perpetually, to generate electricity for the Earth's people." Dave Barry, author of "Dave Barry Does Japan": "I think Superman should go on the Larry King show and announce that he would come back to life if people in all 50 states wanted him to." Ralph Bakshi, creator of the movies "Cool World" and "Fritz the Cat": "They can write a story killing Superman. That's happened before, and it's always an alternate reality thing or a bad dream or revealing time or some scientist comes along and fixes him up. But you can't really kill Superman. All a cartoonist — any cartoonist, anywhere — has to do is pick up a pen and draw him with the caption 'I'm back,' and he's alive. As long as there are cartoonists who want to draw him — on the wall, on a napkin, or on the back of a dirty newspaper — Superman will always live." This article was compiled by Mattiland McDonagh.

PEOPLE

Remember Betty Page? That's All You Get to Do

Rich, Famous and Invisible Betty Page, the pinup girl who walked away from a modeling career rich and famous 35 years ago, is still alive and living somewhere in the United States but refuses to let her new self — "old, fat and ugly" at 69 is how she puts it — be shown in public. So when TV's "Lifestyles of the Rich and Famous" does her profile only her voice will be heard and old pictures will be shown. "Nobody would be interested in seeing me," Page said. "I would rather be remembered as I was when I was young." The Nashville native is living in California — maybe. She won't say.

Andrew Higburn, 63, who had a cancerous tumor removed from his colon last week, was released from Cedars-Sinai hospital in Los Angeles and is in good condition.

It's just \$3 million, but Nelson Mandela says he "has no time" for Little Brown, the American publisher who made a deal with him for his life story more than two years ago and are still waiting for the manuscript. Mandela, released from South African prisons after 27 years in 1990, has too much to do leading the African National Congress in its battle to win black majority rule.

Elton John prepared for his first concert in Mexico by laying a symbolic cornerstone for Mexico City's first "Hard Rock Cafe." The shows are part of a tour promoting John's latest album, "The One." His other Latin American dates include Buenos Aires, Rio de Janeiro and Sao Paulo.

Hollywood Honors: Sidney Lumet will receive the highest honor from the Directors Guild of America, the D.W. Griffith Award. Rupert Murdoch, chairman of News Corp. Ltd. and Fox Inc., received the National Conference of Christians and Jews' Entertainment Industry Humanitarian Award.

International Classified Appears on Pages 4, 6 & 7

WEATHER

Weather forecast section including maps of Europe, North America, Asia, and Latin America, with temperature and precipitation data for various regions.

Seeing Stars in Movies By Bette Sue Cohen

Crossword puzzle section with clues for Across and Down, including references to movies and celebrities.

BOOKS

THE FORGOTTEN AMERICANS

By John E. Schwarz and Thomas J. Volgy. 219 pages. \$19.95. W. W. Norton. Reviewed by Herbert Mitgang. RIGHT up to the eve of the U.S. presidential election, the key word in the campaign was jobs: keeping them and creating them. But something much deeper runs through "The Forgotten Americans," a timely book that goes to the heart of the changing work ethos in the United States. Its important revelations promise to challenge the conscience of Washington for a very long time.

Volgy, political science professor at the University of Arizona, follows the trailblazing path of Michael Harrington's "Other America," a book that helped to spur the war against poverty during the Kennedy and Johnson administrations. In that landmark study, Harrington wrote: "The other America, the America of poverty, is hidden today in a way that it never was before. Its millions are socially invisible to the rest of us." While not as hortatory as the Harrington book, "The Forgotten Americans" is even more telling three decades later because it includes members of the middle class as well as the recognizable poor. For what Schwarz and Volgy emphasize in their book is that "America may not be the land of opportunity it claims to be, not even for people who are diligent, responsible workers." Something's amiss in the American dream, the authors say, when tens of millions of people work hard, sometimes hold down two jobs, put in long hours of overtime (wives as well as husbands in many two-income families), yet cannot afford the basic necessities of food, housing, clothing and medical care. In addition to case histories that help to humanize "The Forgotten Americans," Schwarz and Volgy support their findings with statistics drawn from census figures, tax records, nutrition information from the Agriculture Department, employment records from the Labor Department, and housing and education surveys by government and industry.

Nearly 30 million people fall into the authors' description of Americans who have been left behind by the faltering economy. Some are now categorized as the "new poor": middle-class citizens who have lost their jobs and must turn to charity for food, clothing and housing. The book's main achievement is to show that it is possible for tens of millions of Americans to believe in the work ethic, do their best on the job and still not quite make it in the land of opportunity. In this respect, the conclusions in "The Forgotten Americans" fly in the face of those who cynicized the true state of the economy during the presidential campaign. Herbert Mitgang is on the staff of The New York Times.

Now good news can travel even faster.

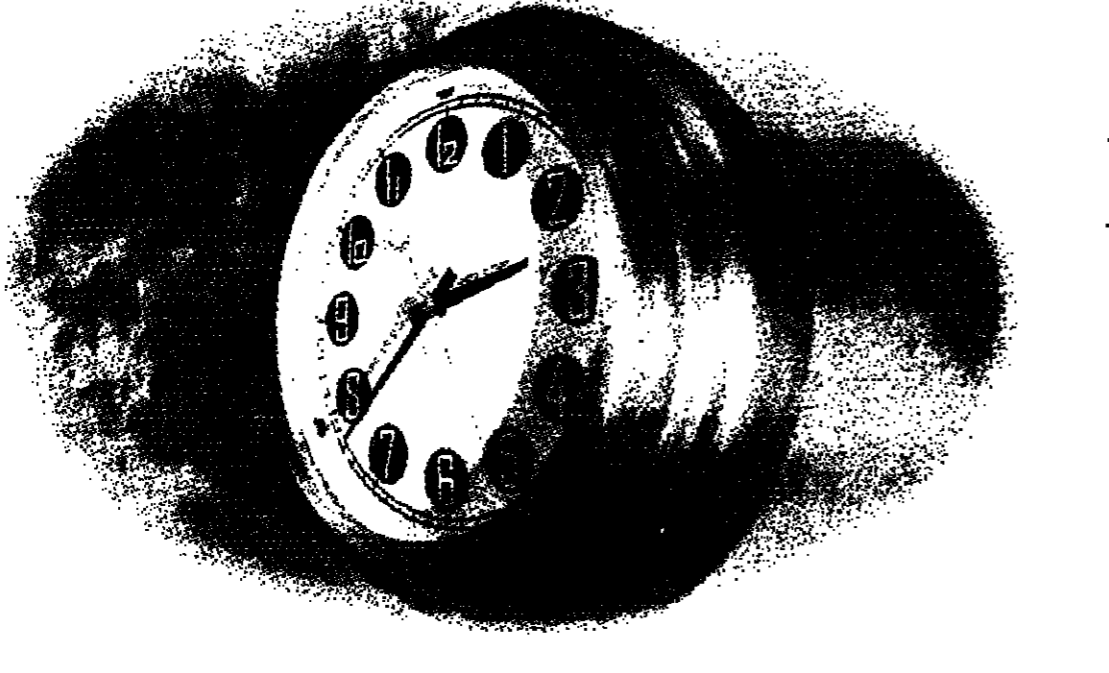


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